5 August 2025

New Zealand Infrastructure Commission Te Waihanga
Via consultation portal

Tēnā koutou,

An enduring Plan to support delivery of the infrastructure we need

Powerco is one of Aotearoa's largest gas and electricity distributors, supplying around 360,000 (electricity) and 114,000 (gas) urban and rural homes and businesses in the North Island. The National Infrastructure Plan (**the Plan**) has the potential to set direction and priorities across the infrastructure sector, supporting our investment decisions and delivery of energy to around 1 million kiwis.

We support a National Infrastructure Plan that covers New Zealand's infrastructure needs analysis, investment priorities/timing, and directs what is needed for the supporting policy/system.

Our views on the draft Plan are outlined in the attachment. Our summary views are:

Policy certainty to support investment	• We welcome the Plan seeking to provide long term policy certainty, with a specific focus on the need for predictable energy policy • The Resource Management system impacts much of the infrastructure landscape, and the reform of national direction and the RMA is an important opportunity for improvement • The Infrastructure Commission is well placed to create a Plan for New Zealand that is independent of the government of the day, an important function of this Plan.
Significant investment in energy is required	• We acknowledge the modelling and evidence indicating the significant investment required in energy infrastructure, noting this is a low-end capex-only forecast • Patterns of investment are changing, and the Plan could better address the evidence and implications of these changes. Flexibility or uncertainty mechanisms will be an important part of planning in this evolving context.

This submission does not contain any confidential information and may be published in full. If you have any questions regarding this submission or would like to talk further on the points we have raised, please contact Irene Clarke (Irene.Clarke@powerco.co.nz).

Nāku noa, nā,

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1. Predictable consistent policy for investment confidence

We agree that infrastructure providers benefit from predictable and consistent policy, particularly where this impacts demand/supply for infrastructure, types of technology and investor confidence.

We endorse a National Infrastructure Plan that provides long term certainty on approaches and priorities in infrastructure planning and delivery, independent of the government of the day. The Infrastructure Commission is in the right position to develop and manage the Plan with independence.

We note that large and high profile projects can become political while being a small part of the overall outcome the plan is seeking to achieve for the infrastructure sector and for New Zealanders. We encourage the Infrastructure Commission to **consider separating section 6 of the draft plan (the investment menu)** into a separate companion document. The remainder of the plan (without the large project-specific chapter) contains a variety of directions and recommendations important for infrastructure's future and is capable of bipartisan support. We encourage the Commission to look at all options to make the National Infrastructure Plan part of stable and predictable policy settings.

1.1 Stable energy policy to support affordability, security of supply and decarbonisation

We **endorse a specific recommendation for predictable energy policy** and consenting settings (recommendation #10) that support affordability, security of supply, and the decarbonisation of the economy.

Changeable policy on significant drivers of the energy market and decarbonisation approach have had a severe impact on investor confidence. What is needed is clear and long term (bipartisan) direction on key issues like energy market, gas supply/transition, emissions reduction priorities, new technologies, RMA national direction.

A long term energy strategy and supporting policy mechanisms are critical for the energy sector to have a planned approach to the investment needed in the next 20 years.

We also support the principle that the costs of regulation should be proportionate to the benefits they achieve[1]. There is a risk that disparate policy and regulatory developments create increased regulatory burden and/or increased costs of compliance.

Fuel diversity and new technology is essential to security of supply in the transition as energy sources, how energy is used, and energy demand is changing. A National Infrastructure Plan can guide infrastructure planning based on a review of these changes across the sector. The draft plan has limited acknowledgement of energy diversity or changing technology. As well as a focus on electricity, this broader system needs more attention in the plan, for example the role of gas and biomethane in our energy system.

[1] Section 4.5.2

1.2 An RMA system that enables infrastructure

We **endorse a specific recommendation for a resource management system that enables infrastructure** (recommendation #9) with national and regional benefits, while managing environmental interactions.

The RMA system needs infrastructure-specific and energy-specific national direction. This is partly underway with the national direction currently in consultation phase. An infrastructure NES will be an important enabling instrument in the next phase of this RMA work (it is not part of the current package). Powerco's submission on the Package 1 national direction consultation (July 2025) is available on our website[2] and includes recommendations needed to ensure the National Policy Statement for Infrastructure (NPS-I) has adequate scope, and the National Policy Statement and National Environmental Standard for electricity networks (NPS-EN and NES-EN) have clear and appropriate direction.

It will be critical for the phase 3 reforms to address competing or conflicting priorities between national direction instruments, so infrastructure has the clarity needed for ongoing operation, maintenance and upgrade. It will also be important for the phase 3 reforms to incorporate a clear effects management hierarchy into the national direction, which was deferred from the 2025 consultation on national direction.

2. Investment in energy infrastructure will be significant and changing

The draft plan and supporting material forecast significant growth in electricity investment, and also electricity and gas combined. The breakdown of that forecast is not clear in the materials provided, for example between generation, transmission, distribution and between electricity and gas.

Demand forecasts and investment plans for energy and for electricity are not the same thing. The plan could be clearer in its treatment of electricity versus the energy system as a whole. The evidence in the plan is focused on electricity and does not clearly distinguish between the two distinct drivers for expected growth in electricity demand. One is an ongoing trend due to factors such as population growth, the other is growing demand from changing consumer behaviour or government policy drivers such as switching to electric vehicles. The plan needs to provide more insights into investment and priorities across the energy sector.

The analysis in the draft plan focuses on capital expenditure, excluding operating expenditure related to infrastructure[3]. We acknowledge that capital expenditure is the most significant investment required to meet future needs. However, excluding operating expenditure means that the full investment demand is not portrayed, or potentially planned for. This is particularly important with changing technologies and new ways of providing infrastructure that are likely to be far more reliant on operating expenditure investment.

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[2] Package 1, 2 and 3 submissions are available here: Powerco submissions . The package 1 submission is most relevant for the National Infrastructure Plan.

[3] Draft National Infrastructure Plan, Section 3.2.1

As an example in the electricity sector, there is changing patterns of investment from traditional poles and wires, to a whole range of technologies and operating models that may have smaller capital expenditure but have increased operating expenditure both in front end establishment and ongoing phases. These changes are being actively driven by both customer demands, international trends and regulator workstreams on the future electricity system – for example digitalisation and technologies such as orchestration flexibility platforms.

One issue is that current regulatory settings for energy distribution investment were not established with this in mind and do not completely provide for the shifts between capex and opex. However, we see the gap in the draft national infrastructure plan as a much bigger issue that needs to be resolved for this to be a future looking plan. We **recommend that the draft plan be updated to assess opex trends, changing technologies shifting capex to opex, and how this may influence national findings and recommendations**.

While forward Infrastructure Commission guidance through the National Infrastructure Pipeline and Infrastructure Priorities Programme and Infrastructure Needs Analysis (recommendation #3) will be beneficial in providing evidence for both investment needs and plans, this will be more insightful if it incorporates all infrastructure providers in key sectors. For example, not all energy distributors have investment projections included in the infrastructure pipeline, energy generation is not included, and the infrastructure priorities programme only includes those infrastructure providers who have seen value in proactively putting projects or programmes through this process. Recommendation #17 could be enhanced to have wider application - we **recommend the Infrastructure Commission work to ensure that all infrastructure providers in key sectors covered in this plan are included in the infrastructure pipeline**.

3. Sustainable funding, investment flexibility and pricing tools

We agree that investment flexibility needs to be protected for asset owners to manage uncertainty[4]. Flexibility between capex and opex noted above is one example of this. While energy distributors' have sophisticated scenario modelling to forecast demand and investment needs, there are many underlying uncertainties. Flexibility mechanisms within the economic regulation model are another example of a flexibility tool. Energy distributors' revenue / pricing is effectively set by the Commerce Commission 5 years in advance based on demand and investment forecasting at that point in time. The recent electricity DPP4 determination (November 2024) introduced additional 'uncertainty mechanisms' to reflect this. The electricity DPP4 flexibility tools can also respond to innovation and changing technology. The current gas DPP4 reset is in progress and we are seeking some similar tools, arguably even more important in gas market forecasting, however the Commission has not yet accepted that this is necessary. We **recommend flexibility or uncertainty mechanisms be endorsed as an important planning tool in regulated infrastructure sectors**.

We agree that changes are needed to ensure that we can sustainably fund infrastructure investment to meet future demand[5]. To achieve this, we agree that all infrastructure providers, should have clear and well-understood transparency and accountability mechanisms (recommendation #4) and appropriate pricing and funding tools (recommendation 4.3.3). While pricing and funding tools should be optimised for different infrastructure sectors[6],

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[4] Draft National Infrastructure Plan, Section 3.5.2
[5] Draft National Infrastructure Plan, Section 3.2.3
[6] Draft National Infrastructure Plan, Section 4.3.2

there should be consistency within sectors. Economic regulation for energy distribution works well, but it's not consistently applied, for example not all energy distributors are subject to price-quality regulation. Consistency will assist with appropriate approaches applied across the country, consistent testing of investment plans, and consumer trust. We **recommend the plan provide recommendations on consistency of funding and pricing approaches and transparency within sectors**.

We agree with a theme of 'right-sizing new investment' and note the draft plan is focused on public sector investment on this issue. Right-sizing and prioritising investment spend is a changing field as more options and project alternatives become available with new technologies and approaches. We encourage the Infrastructure Commission to consider how the plan can guide this evolving environment, including tools for investment assessment and transparency beyond the public sector.

4. Coordination between sectors can be improved

We agree there is a role for spatial planning in integrating land use and infrastructure, and that this cannot be a 'command and control' exercise to effectively achieve strategic coordination across central government, local government and private infrastructure providers[7]. The proposed RMA national direction (both NPS-I and NPS-EN) potentially introduces a coordination opportunity between RMA plans and asset management plans. This coordination with RMA plans is not just relevant to plans made under the Local Government Act and Land Transport Management Act (recommendation #7) but funding decisions and asset management plans under legislation relevant for other sectors, such as the Commerce Act.

We **recommend the RMA national direction endorse coordination between RMA plans and asset management plans made under all relevant infrastructure legislation, and that the Infrastructure Commission work with MfE to provide guidance to implement this**. Infrastructure providers would be pleased to work with the Commission in developing this guidance.

There is also an opportunity for tools to support better operational coordination between infrastructure providers in maintenance and minor upgrading works. There is significant opportunity for improved data sharing and digitalisation between infrastructure providers. Examples of solutions have been highlighted through various government workstreams such as emergency management reform, climate adaptation framework and the Electricity Authority digitalisation roadmap. We **recommend the plan includes recommendations around planning for digitalisation and optimising the benefits in shared and transparent data.**

We encourage the Infrastructure Commission to consider the opportunity for the Infrastructure Pipeline to be provided in geographic form. This would be a valuable contribution to spatial planning and coordination. We note that there are some existing tools working to coordinate geographic infrastructure information that the Pipeline could build on or look to for learnings, for example the National Forward Work Viewer[8] or the Wellington City Council asset digital twin project[9].

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[7] Draft National Infrastructure Plan, Section 4.4.2
[8] National Forward Works Viewer – Infrastructure programmes from around Aotearoa – all shared into one simple interactive map
[9] Underground Asset Register for Wellington - Projects - Wellington City Council

5. Customer focus must underpin the plan

The draft plan has limited focus on the customer view or planning for long term consumer benefit, other than recognising the importance of public confidence in infrastructure providers. We encourage the Infrastructure Commission to put a consumer lens over all recommendations with the objective of finalising a National Infrastructure Plan that has New Zealand consumers at its core.

6. Workforce needs cross sector planning

The infrastructure workforce must grow to meet our future needs and we agree that changes are needed to ensure that we develop an infrastructure workforce that has the right capacity and capability to deliver on future investment demands. We agree that cross-sector workforce development planning and policy is needed drawing from investment plans and forecasts (recommendation #1). While there are a number of initiatives underway, direction is needed for more proactive cross-sector planning.