

Pipes & Wires

Thought leadership of critical energy & infrastructure matters

Issue 233 – August 2025

From the editor's desk...

Welcome to Pipes & Wires #233 this issue looks at several regulatory determinations in New Zealand, Britain, Australia and Brazil, and then examines Thames Water's continuing difficulties. We then examine the completion of Entergy's NOLA gas distribution sale, take a quick look at New Zealand's dwindling gas reserves and then conclude this issue with a look at progress on the Sizewell C nuclear power station in Britain.

So ... until next time, happy reading, and hopefully see you at the EEA Conference...

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Significant client projects

Significant client projects include...

Transaction advisory (\$12b and counting)

- Forecasting AugEx, RepEx and OpEx, advising on likely revenue cap implications.
- Identifying strategic, commercial and regulatory red-flags.
- Translating demand forecasts into AugEx.
- Reviewing procurement models and processes.

Climate governance and resilience

- Identifying the governance, strategy and risk programs required to align with TCFD.
- Compiling a client resilience framework for an electric distribution company.

Asset strategy and asset management practices

- Assessing the strength of an EDB's organizational culture, work process and asset management practices.
- Compiling a road map to guide an EDB on its asset management improvement journey.
- Identifying a range of structural and service delivery models for an electric company.
- Identifying best customer engagement practices on

Decarbonisation and energy transition

- Estimating the costs of DERMS (distributed energy resource management system) penetration for distribution feeders for a large US electric company.
- Identifying leading practices in behind-the-meter activities (eg. batteries, solar, smart data, VPP's etc) for a large US electric company.
- Identifying best Australian practices in EV charging for a large US electric company.
- Identifying key features of demand management in the Australian NEM for a large US electric company.
- Identifying best practices in grid-scale and community-scale batteries for an Australian distributor.
- Identifying best practices in EV charging on behalf of an Australian distributor.

Global trend and pattern analysis

- Identifying the global and regional trends facing transmission grid operators for a US client.

Regulatory analysis

- Reviewing the AER's recent treatment of network

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behalf of an Australian distributor.

- Providing an independent assessment of network condition and spend adequacy.
- Providing an independent review of asset condition and spend forecasts for a distribution company investor.
- Advising on the regulatory implications of an aging timber transmission pole fleet.
- Identifying the learnings from the RIIO – ED1 reset on behalf of an Australian distributor.

transformation expenditure.

Cool multimedia stuff

Walker electric vans from the early 1900's

This [4 minute video](#) examines Walker electric delivery vans from the early 1900's. Pay close attention at about 3:30, which refers to the electric delivery truck parked in Orion's reception in Christchurch.

Network regulatory decisions

NZ – resetting the gas pipeline price-quality path

Introduction

Pipes & Wires #231 examined the Commerce Commission's initial thinking about the Gas DPP4 that will commence on 1st October 2026. This article notes the [Commission's draft decision](#) to adopt a 5 year period for DPP4.

Regulatory framework

The regulatory framework for the DPP reset is set out in the Commerce Act 1986 as follows...

- Subpart 6 of Part 4 specifies what a DPP must contain ([s53O](#)) and how starting prices, rates of change and quality standards must be set ([s53P](#)).
- Subpart 10 of Part 4 which sets out a wider range of requirements specific to gas pipelines.

Applicable pipeline businesses

The DPP4 will apply to the following gas pipeline businesses...

- GasNet.
- Powerco.
- Vector.
- FirstGas (distribution and transmission).

The Draft Decision

The Commission's Draft Decision is to adopt a 5 year period for DPP4, in contrast to the 4 year period adopted for the current DPP3. The Commission is firm in its view that the adoption of a 5 year period for DPP4 will not increase the forecasting risks faced by regulated gas pipeline businesses, nor diminish the incentives to invest efficiently.

Comparison of the DPP3 and DPP4

The following table quickly compares the features of DPP3 and the draft DPP4 so far...

Parameter	Final DPP3	Draft DPP4	Final DPP4
Control period duration	4 years	5 years	
Accelerated depreciation	Yes		
WACC	6.14%		
Total revenue - GasNet	\$22.12m		
Total revenue - Powerco	\$267.63m		
Total revenue - Vector	\$249.63m		
Total revenue – First Gas (distribution)	\$140.41m		
Total revenue – First Gas (transmission)	\$691.87m		

Further reading

Readers may be interested in the following further reading...

- [Pipes & Wires #231](#) – resetting the gas pipeline price-quality path
- [Pipes & Wires #229](#) – NZ gas under pressure.
- [Pipes & Wires #229](#) – Aus the Jemena gas distribution revenue reset.
- [Pipes & Wires #226](#) – NZ upholding the accelerated depreciation decision.
- [Pipes & Wires #225](#) – NZ appealing the gas pipeline WACC.
- [Pipes & Wires #224](#) – Aus gas under pressure in the West.

Britain – the RIIO – 3 revenue control

Introduction

Britain's 3 electricity transmission businesses are currently subject to the RIIO-T2 revenue control which expires on 31st March 2026. This article examines Ofgem's progress on compiling the RIIO-3 revenue control that will apply to those electricity transmission businesses from 1st April 2026.

The 3 electricity transmission businesses

Britain's 3 electricity transmission businesses include...

- [National Grid Electricity Transmission](#), which covers England and Wales.
- [SP Transmission](#), which covers the south of Scotland (successor to the [SSEB](#)).
- [SSEN Transmission](#), which covers the north of Scotland (successor to the [NOSHEB](#))

Key features of RIIO-3

Ofgem's business plan guidance was published in September 2024 and set out the following broad expectations from regulated businesses for RIIO-3...

- An overarching emphasis on customer and stakeholder engagement, with the expectation that each business will establish an independent stakeholder group to challenge and scrutinise its business plan and subsequent implementation.
- A high quality of service from each business, including innovative approaches to decarbonisation.
- That their infrastructure will support the transition to nett-zero, including the adoption of officially approved scenarios and forecasts.
- That supply will be secure and resilient, including providing assurance of excellent asset and risk management practices.
- That operations will be efficient over the long-term.

Pipes & Wires will comment further as Ofgem releases its draft and final decisions.

Further reading

Readers may be interested in the following articles...

- [Pipes & Wires #232](#) – the RIIO – ED3 revenue control.
- [Pipes & Wires #218](#) – the RIIO – ED2 final determinations.
- [Pipes & Wires #142](#) – reporting back on the first year of RIIO – T1.

Aus – the Queensland electricity distribution revenue decisions

Introduction

The Australian Energy Regulator (AER) has recently published its revenue controls that will apply to the two electricity distributors in the Australian state of Queensland ([Energen](#) and [Ergon Energy](#)) for the 5 year control period commencing on 1st July 2025. This article examines those final decisions.

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Regulatory framework

The regulatory framework is based on the [National Electricity \(South Australia\) Act 1996](#), which provides for the making of the [National Electricity Rules](#) (version 200 at the time of writing). Electricity distribution determinations are principally made pursuant to [Chapter 6 of the Rules](#).

Key features of the process to date

Key features of the process to date for Energex include...

Parameter	Proposal	Draft Determination	Revised Proposal	Final Determination
CapEx	\$3,422m	\$2,801m	\$3,145m	\$3,135m
OpEx	\$2,285m	\$2,285m	\$2,471m	\$2,442m
Opening RAB	\$15,591m	\$15,569m	\$15,696m	\$15,607m
Nominal WACC	6.16%	6.04%	5.97%	6.09%
Depreciation	\$1,205m	\$1,246m	\$1,183m	\$1,277m
Smoothed revenue	\$8,151m	\$7,973m	\$8,141m	\$8,996m

Key features of the process to date for Ergon Energy include...

Parameter	Proposal	Draft Determination	Revised Proposal	Final Determination
CapEx	\$5,805m	\$4,188m	\$5,053m	\$4,411m
OpEx	\$2,379m	\$2,379m	\$2,563m	\$2,331m
Opening RAB	\$16,253m	\$15,566m	\$15,854m	\$15,766m
Nominal WACC	6.16%	6.04%	5.97%	6.09%
Depreciation	\$1,157m	\$1,264m	\$1,221	\$1,321m
Smoothed revenue	\$7,816m	\$8,366m	\$7,962m	\$8,580m

This concludes Pipes & Wires analysis of the Queensland electricity distribution revenue resets.

Brazil – renewing the electricity distribution concessions

Introduction

News emerged recently that that Brazil's electricity regulator [ANEEL](#) has received requests to renew 19 of the country's 53 electricity distribution concessions. This article examines the structure of Brazil's distribution sector, the regulatory framework, and what concession renewal actually means.

The electricity distribution sector

Brazil's electricity distribution sector supplies about 91,000,000 customers through a range of private, state-owned and federally-owned distributors that are subject to 53 concessions. Annual consumption per customer is low at only about 2,700 kWh (about 1/3 of New Zealand's average).

Regulatory agencies and the role of the ANEEL

Overall energy policy is set by the Ministry of Mines & Energy, along with the granting of concessions. The role of the [Agência Nacional de Energia Elétrica](#) (ANEEL) includes...

- Receiving requests for concession renewals.
- Assessing concession holders' compliance with their concession conditions.
- Recommending to the Ministry of Mines & Energy whether the concession should be renewed.

The concession renewal process

As of May 2025, the ANEEL had received requests to renew 19 concessions which are due to expire between now and 2031, for which it has 60 days to analyse the request and make recommendations to the Ministry. Opinion seems to differ on the likelihood of all 19 concessions being renewed, including...

- If the Ministry was of a mind not to renew any concessions, it would've already engaged with those concession holders and possibly signaled non-renewal (which has not happened). It has also been pointed out that re-assigning a concession could be operationally and technically difficult, and may disadvantage customers.
- The possibility that two concession holders may not be renewed, due to poor reliability and struggling viability respectively.

Pipes & Wires may comment further as the Ministry's renewal decisions become clearer.

Industry reshuffling and capital allocation

Britain – Thames Water under pressure

Introduction

[Pipes & Wires #231](#) noted that bids for Thames Water's equity were received in a competitive bid process. This article notes the withdrawal of the leading bid, and examines possible options going forward.

The bids

In February 2025, various bids for Thames Water's equity ranging from £4b to £7b were received in a competitive bid process, including bids from Kolberg Kravis Roberts (KKR), Cheung Kong Infrastructure, Castle Water and Covalis Capital. KKR's bid of £4b was widely regarded as the leading bid.

It has also emerged that at least some of the bidders sought immunity from prosecution for environmental breaches.

KKR withdraws its bid

In early June 2025 KKR withdrew its bid, largely due to the difficulty of returning Thames Water to profitability. It is recognised that water companies have a wide range of stakeholders to work with, including lenders, communities and regulators. After KKR's withdrawal, Thames Water began working with its senior creditors Silver Point Capital and Elliot Management to compile a plan to fully fund and recapitalize the business which will lead into discussions with Ofwat and the Government.

Other recent events

Thames Water's annual report to 31st March 2025 revealed a loss of £1.6b and nett debt of £16.8b, issued a going-concern warning, and further warned that it could take at least a decade to turn around. Whilst the option of nationalisation is seen as politically unpleasant and difficult (as it would divert an estimated £16b from core services such as health and education), it appears that the Government is already preparing to temporarily nationalise Thames Water.

Pipes & Wires will pick up this story again as further details emerge.

Further reading

Readers may be interested in the following...

- [Pipes & Wires #231](#) UK – Thames Water under pressure.
- [Pipes & Wires #230](#) UK – Thames Water under pressure.
- [Pipes & wires #228](#) UK – the draft PR24 water revenue decisions.
- [Pipes & Wires #228](#) UK – Thames Water under pressure.
- [Pipes & Wires #226](#) UK – Thames Water under pressure.

US – Entergy completes NOLA gas distribution sale

Introduction

[Pipes & Wires #229](#) examined [Entergy Corporation's strategy to sell its Louisiana gas distribution](#) business to private equity firm [Bernhard Capital](#). This brief article notes the completion of that sale to Delta Utilities, a gas company backed by Bernhard Capital.

Context to the deal

Like most other electric companies, Entergy faces a huge wall of electricity network Growth CapEx to supply data centers, and the electrification of vehicles, industrial process heat, domestic water heating and space heating. In some cases that CapEx will need to be funded from capital rather than revenue, which brings the challenge of sourcing that capital at the lowest cost. Entergy has concluded that the lowest cost-of-capital path is to sell assets to retire debt and re-cycle funds.

Closing the deal

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The deal closed for \$484m, which is about 2.7x annual revenue. Regulatory approvals included the [Louisiana Public Service Commission](#) and the City of New Orleans (which [regulates public utilities in the city](#)).

Delta Utilities enlarged presence

Following the closing of the Entergy sale, Delta Utilities now has 109,000 customers in New Orleans and a further 95,000 customers in Baton Rouge. This is in addition to the 380,000 gas customers across Louisiana and Mississippi acquired from CenterPoint Energy in April 2025.

Energy mix and grid security

NZ – dwindling gas reserves

Introduction

Back in early June 2025 the Ministry of Business, Innovation & Employment (MBIE) announced that gas supply would be under even more pressure than was previously announced. This article examines the details of that announcement, and reconciles that to previous known reserves presented in back issues of Pipes & Wires.

MBIE's statements

[MBIE's announcement](#) included the following specific statements...

- As of 1st January 2025, natural gas reserves have reduced 27% compared to last year.
- Natural gas reserves continue to reduce faster and sooner than previously forecast.
- In 2024 proven plus probable (2P) reserves reduced from 1,300 PJ to 948 PJ. This comprises a reduction of estimated recoverable gas of 234 PJ, and the 119 PJ that were used during the 2024 calendar year.
- Previous forecasts had annual gas production falling below 100 PJ by 2029, but that is now expected to occur by 2026.

Quantifying the gas reserves

The following table updates the table from Pipes & Wires #229...

Reporting date	2P Reserves (PJ)	Consumption during reporting year (PJ)	Years' reserve
1 January 2025	948	Not yet available	9½
1 January 2024	1,300	119	8½
1 January 2023	1,635	147	11
1 January 2022	1,967	145	13½
1 January 2021	2,074	155	13¼
1 January 2020	2,021	183	11¼

Securing NZ's gas supplies

Following on from the previously noted actions, the [Governments' 2025 budget](#) included \$200m over 4 years for the Crown to co-invest in new domestic gas fields and take up to a 15% stake in new projects that supply the domestic gas market.

Further reading

Readers may be interested in the following back issues...

- [Pipes & Wires #229](#) – NZ gas under pressure.
- [Pipes & Wires #221](#) – NZ are gas reserves dwindling ?
- [Pipes & Wires #201](#) – NZ gas under pressure.
- [Pipes & Wires #199](#) – Aus re-examining the gas exploration moratoria.

Britain – approving Sizewell C

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[Pipes & Wires #228](#) examined the proposed second new nuclear station at Sizewell in Suffolk (along with the proposed third new nuclear station at Wylfa). This article examines Sizewell C in a bit more detail, and notes the Government's approval.

An overview of Sizewell C

Sizewell C will be 3,200 MW station comprising 2 European Power Reactors (EPR's) at the existing Sizewell site in Suffolk. Completion is expected sometime about 2036, at an expected cost of between £20b and £30b. Significant learnings from the near-identical Hinkley Point C are expected.

Ownership of Sizewell C

The project was originally 80% owned by Electricité de France, with the remaining 20% owned by China General Nuclear Power Group. In 2022 the British Government bought out CGN's 20% stake along with 37.5% of EDF's stake, which reduced EDF's overall stake to 50%. EDF's stake has been further reduced to 12.5%, with the British Government owning the remaining 87.5%.

The Government's approval

In July 2025 the British Government committed £17.8b to the project as it searches for other investors (thought to include Brookfield, Amber Infrastructure and [La Caisse](#)).

Further reading

Readers may be interested in the following...

- [Pipes & Wires #231](#) – Britain progress on Hinkley Point C.
- [Pipes & Wires #228](#) – Britain planning the third nuclear station.
- [Pipes & Wires #220](#) – Germany closing the last three nuclear stations.
- [Pipes & Wires #213](#) – France proposed new nuclear stations.
- [Pipes & Wires #194](#) – UK progress slows on Hinkley Point C.
- [Pipes & wires #172](#) – Sweden progress on the return to nuclear.
- [Pipes & Wires #37](#) – UK nuclear may have a future after all.

General stuff

Guide to NZ electricity laws

I've compiled a "wall chart" setting out the relationship between various past and present electricity Acts, Regulations, Codes etc in sort of a chronological progression. To request your free copy, pick [here](#). It looks really cool printed in color as an A2 or A1 size.

A bit of light-hearted humor

What if price control had been around in the 1920's and 1930's ? A collection of classic historical photo's with humorous captions looks at some of the salient features of price control. Pick [here](#) to download.

Extending the above, a second collection of classic historical photo's with humorous captions looks at some topical issues of regulating emerging technologies. Pick [here](#) to download.

A potted history of electricity transmission

I've recently compiled a potted history of electricity transmission. Pick [here](#) to download.

Wanted – old electricity history books

Now that I seem to have scrounged pretty much every book on the history of electricity in New Zealand, I'm keen to obtain historical book, journals and pamphlets from other countries. So if anyone has any unwanted documents, please [email me](#).

House-keeping stuff

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