

29 September 2026

Sustainability reporting team

External Reporting Board

By email: sustainability@xrb.govt.nz

Tēnā koe,

A framework with flexibility to support business engagement with climate reporting

We welcome the opportunity to respond on the External Reporting Board's (XRB) Draft Climate Reporting Roadmap. Powerco is one of Aotearoa's largest gas and electricity distributors, servicing urban and rural homes and businesses in the North Island through around 390,000 electricity connections and 111,400 gas connections. These energy networks provide essential services to over 1 million kiwis and will be core to Aotearoa achieving a net-zero economy in 2050.

Powerco supports the overall direction of the roadmap and the objective of improving alignment with international reporting frameworks, including IFRS S2 and Australia, recognising the benefits of greater consistency and comparability of climate-related disclosures across jurisdictions. However, we consider that any change in disclosures should remain grounded in materiality, proportionality and decision-usefulness, with a focus on supporting meaningful strategic decision-making and assessment of organisational resilience.

Our summary observations on the draft climate reporting roadmap are below. We also comment on these observations in responding to the consultation questions in the attachment.

International alignment is appropriate, but materiality and proportionality should remain central

- Powerco supports alignment with IFRS S2 and Australia, recognising the benefits of greater consistency and comparability of climate-related disclosures across jurisdictions.
- International alignment should not come at the expense of proportionality and local relevance.
- Existing NZCS disclosures have been practical to apply and should remain a reference point for future development.

Regulated infrastructure businesses require flexibility

- Existing regulatory frameworks, including Commerce Commission information disclosure requirements, play an important role in determining how climate-related investments are justified, prioritised, funded and recovered.
- Resilience is one investment driver among many and must be balanced alongside reliability, safety, affordability, growth and customer outcomes.
- The framework should recognise that climate-related activities are often embedded within broader asset management and regulatory frameworks and cannot always be isolated from broader investment programmes.

Industry metrics remain valuable

- Existing industry metrics provide practical evidence of climate-related impacts and resilience performance outcomes.
- Optimising use of, or alignment with, existing regulated reporting is important to both avoid duplication and encourage use of the climate reporting framework by regulated businesses.
- The retention of relevant industry metrics will add value to the framework and support consistent business engagement with the framework.

Over the past three years, Powerco has voluntarily reported¹ against the Aotearoa New Zealand Climate Standards (NZCS) and found them practical and meaningful to apply. The framework has supported good decision making around climate risks and opportunities, met stakeholder expectations, and enabled access to long-term, cost-effective capital through our Climate Bonds Initiative (CBI) Green Finance Framework. We continue to mature our approach and are making good progress against our first transition planning horizons and targets to 2030-2035, particularly in relation to transition risks and opportunities across our gas and electricity networks.

As a regulated electricity and gas distribution business, Powerco operates within a range of reporting and information disclosure requirements, including Commerce Commission information disclosure obligations. Climate-related outcomes are often embedded within broader asset management and investment decisions that balance resilience, reliability, safety, affordability, growth and customer outcomes. As a result, climate-specific costs, benefits and outcomes cannot always be isolated in the same way as standalone corporate initiatives.

Powerco also refers the XRB to its recent submission² on the Commerce Commission's draft guidance on resilience principles in decision-making for critical infrastructure³, which highlighted a number of points also relevant for climate-related reporting, including the importance of approaching resilience decision-making in a practical, integrated and proportionate manner. We consider these principles equally relevant to the development and implementation of NZ IFRS S2.

This submission does not contain any confidential information. We would welcome the opportunity to discuss the comments in our submission with the XRB. If you have any questions or would like to talk further on the points we have raised, please contact Elizabeth Shires (Elizabeth.Shires@powerco.co.nz).

Nāku noa, nā,



Emma Wilson

Head of Policy, Regulation and Markets

POWERCO

¹ Powerco's latest climate disclosures are contained in our 2026 Integrated Report: [Integrated Report 2026 - Powerco](#)

² [Powerco submission to Commerce Commission - draft-guidance-resilience-principles-in-decision-making](#)

³ [Draft Resilience-Principles-Decision-making-framework-for-critical-infrastructure-providers-Draft-guidance-document](#)

Responses to the consultation questions

Questions	Powerco comments
Q1. Do you support the strategic direction for climate reporting set out in the draft climate reporting roadmap?	Yes. Powerco supports the overall direction of international alignment with IFRS S2 and Australia. However, we consider materiality and proportionality to be more important than alignment for its own sake. The current NZCS framework has been practical and meaningful to apply to our organisation, and we are only just starting to see meaningful application of embedding the framework. We continue to improve our quantitative disclosures; however, qualitative disclosures will remain more practical in some areas where the effort of quantification outweighs the decision-usefulness.
Q2. Do you have any further information relevant to the benefits and costs of the draft roadmap?	The key benefits are improved comparability and alignment with Australia and ISSB, however, our disclosures under NZCS1 are currently meeting our Australian shareholders expectations. The main costs are likely to arise from additional quantification and the development of supporting methodologies and systems. Any increase in reporting requirements should provide sufficient information to justify the additional compliance effort. Alignment should not make the framework unnecessarily onerous for non-CREs or smaller organisations.
Q3. Would adopting IFRS S2 improve climate information used for decision-making?	Current NZCS disclosures already provide meaningful and useful climate-related information. Any future requirements should demonstrate a clear improvement in decision-useful information rather than simply increasing reporting volume. For Powerco, materiality and proportionality help distinguish between business-as-usual asset management activities and matters requiring climate-related disclosure.
Q4. Should any IFRS S2 requirements be removed or changed?	Powerco supports retaining flexibility in using qualitative disclosures where quantification is not practical, proportionate or decision-useful. As a regulated infrastructure business, climate-related investments often deliver multiple outcomes simultaneously, including renewals, reliability, safety, growth and customer outcomes. This can make it difficult to isolate climate-specific expenditure, quantify reductions in residual climate risk, or attribute financial outcomes to individual climate interventions. Where reliable quantitative information cannot reasonably be produced, entities should be able to explain the limitation rather than develop speculative estimates.
Q5. What are your views on industry-based disclosures?	Powerco prefers Option 4 (status quo). Relevant industry-specific metrics provide a practical way to monitor climate performance over time. For example, Powerco uses the Electricity Engineers Association (EEA) Resilience Management Maturity Assessment Tool (RMMAT) to assess improvements in resilience across a range of factors, rather than focusing solely on resilience projects or capital expenditure. Industry metrics can also help identify trigger points to show which future pathway may be emerging and when resilience actions should be reconsidered. Optimising use of, or alignment with, existing regulated reporting is important to both avoid duplication and encourage use of the climate reporting framework by regulated businesses.
Q6. What are your views on scenario analysis?	Powerco supports retaining flexibility. The purpose of scenario analysis is to test the resilience of an organisation's strategy against a range of plausible futures. We use four climate scenarios and key performance metrics or triggers to test the

Questions	Powerco comments
	resilience of our business strategy against a range of climate futures. While this works well for our business, we do not believe all entities should be required to use the same number or type of scenarios.
Q7. Are any changes needed to fit New Zealand's reporting practice and market context?	Existing regulatory frameworks, including Commerce Commission information disclosure requirements, already provide extensive reporting obligations and play a key role in determining how climate-related investments are funded and recovered. For regulated infrastructure businesses, the challenge is often not the direct financial impact of climate risk itself, but ensuring resilience and adaptation investments can be justified, prioritised and funded within existing regulatory settings. Powerco's submission on the Commerce Commission's draft guidance on resilience principles in decision-making⁴ highlighted a number of relevant points for climate-related reporting, including the importance of approaching resilience decision-making in a practical, integrated and proportionate manner. We consider these principles equally relevant to the development and implementation of NZ IFRS S2.
Q8. Do you support the proposed implementation timeline?	Yes. Powerco broadly supports the proposed 2033 implementation horizon. This aligns with many of our existing transition planning horizons, including our first major transition targets to 2030-2035 for the gas business. The longer transition time allows organisations to continue developing the maturity of their reporting approaches, systems and governance frameworks over time.
Q9. Do you have any other comments?	Powerco has found the NZCS disclosure framework to be practical and meaningful to apply, drive good decision making around climate risks and opportunities and met our stakeholder expectations. We are continuing to mature our approach and are monitoring our progress towards our first transition strategy targets, whilst scanning for material influences in the local and global context. Any change in disclosures should remain focused on influencing strategic decision-making around managing climate-related risks in a way that is meaningful to the organisation, rather than requiring entities to collect information solely because it could theoretically be disclosed.

⁴ [Draft Resilience-Principles-Decision-making-framework-for-critical-infrastructure-providers-Draft-guidance-document](#)