



# MAJOR ELECTRICITY USERS' GROUP

7 July 2006

Network Performance Group, Networks Branch  
Commerce Commission  
By email to [electricity@comcom.govt.nz](mailto:electricity@comcom.govt.nz)

Dear Madam/Sir

## **Submission on proposed revisions to information disclosure requirements**

1. This is a submission by the Major Electricity Users' Group (MEUG) on the Commerce Commission (the "Commission") consultation paper *Revised Information Disclosure Requirements and New Section to the Information Disclosure Handbook on Pricing methodology and Line charges*, 15 June 2006. Attached to this submission is a report by Smart Power dated 7 July 2006 commenting on the consultation paper.
2. MEUG agree with the comments in the Smart Power report. In support of those comments MEUG note:
  - a) The proposed changes to clarify the disclosure requirements, monitoring, analysis and reporting by the Commission are welcome. However these don't solve the problem of compliance, accuracy and timeliness of disclosures - sanctions for non-compliant, incorrect or late disclosures need to be tightened.
  - b) Cross-subsidisation issues will become clearer with better data but knowing cross-subsidisation is occurring shouldn't be the end of the matter. MEUG suggest the Commission or Electricity Commission should have methodologies to assess cross-subsidisation effects and processes to unwind those cross-subsidies. The Smart Power example that there is nothing to stop line businesses recovering 400 kV related costs from 11 kV connected customers is most revealing.
  - c) Simply publishing loss ratios, as the disclosure requirements currently require, without an explanation of how those loss ratios are determined is a significant shortcoming. MEUG suggest the Commission include in the revisions a requirement for ELBs to publish the methodology they use to calculate loss ratios.
  - d) ELBs must have finalised any new pricing methodology before posting new line charges. Therefore pricing methodologies should be disclosed at the same time as any changes to line charges (ie before 20 working days of coming into effect).

Yours sincerely

Ralph Matthes  
Executive Director