



MAJOR ELECTRICITY USERS' GROUP

7 March 2008

Tracey Edwards
Information Disclosure Review
Network Performance Branch
Commerce Commission
By email to electricity@comcom.govt.nz

Dear Tracey

Submission on draft Electricity Distribution (Information Disclosure) Requirements 2008 and draft Electricity information Disclosure Handbook

1. This is a submission by the Major Electricity Users' Group (MEUG) on the Commerce Commission suite of drafts and companion papers published 20th December 2007 proposing a revision to the Electricity Distribution (Information Disclosure) Requirements effective 1 April 2008 and the related draft Electricity information Disclosure Handbook.
2. Comments on the draft *Electricity Distribution (Information Disclosure) Requirements 2008*, (the "Draft Requirements") follow:
 - a) The term "customers" is used throughout the Draft Requirements. Electricity Line Businesses (ELB) customers, that is the party ELB have contracts to supply lines services with and would seek enforcement for failure to abide by those contracts, can vary. In some cases the ELB customer can be a retailer and in other cases a connected end user. To more accurately describe the relationship, MEUG suggest the term "customers" be replaced by "connected parties."
 - b) Clauses 3, 4(1), 6(1) and 7(5) require ELB to disclose various financial information within 5 months of the end of each financial year. MEUG believe the requirement should be changed to 3 months because:
 - i) This would align with the NZX Rules requiring listed companies to issue Annual Reports within 3 months following a financial year¹. There is no apparent reason why the shareholders of listed companies can have information within 3 months but connected parties cannot.
 - ii) Draft Requirement 7(1) requires publication of Asset Management Plans (AMPs) 4 months before the start of each financial year. ELB are likely to be working on preparing AMPs well ahead of that date using information available from the prior financial year. In which case ELB probably have most of the information from the prior financial year well ahead of the 5 month requirement for disclosure.

¹ Refer NZX and NZDX Listing Rules, rule 10.5.1, <http://www.nzx.com/regulation/current/sxdx/10.pdf> . Three months is also the period required by NZX for half-yearly reports, refer NZX rule 10.5.2.

- iii) It would give the Commerce Commission sufficient time to collate and publish their Information Disclosure Database spreadsheet² to enable parties wishing to provide input into ELB before they finalise their AMPs.
 - c) Row 65 of Report MP1 (Network Information) requires publishing the aggregate annual demand of the 5 largest connected parties for each non-contiguous network owned by each ELB. It's not clear why this piece of information is needed or if the metric proposed is best. We agree that understanding what proportion of a network is needed to service high voltage versus low voltage connected parties is of interest. This is usefully covered in rows 46 to 48 (sub-transmission, HV and LV connected parties coincident and non-coincident capacity demands). To be consistent with publication of the latter statistics, row 65 could be expanded to report annual energy volumes carried to sub-transmission, HV and LV connected parties.
 - d) Number of customers by Installation Control Point (ICP) is disclosed in row 70 of Report MP1 (Network Information). This could be expanded to list number of connected parties for each category of ICP, ie the 6 Metering Categories defined in code of practice D1 of schedule D1 of part D of the Electricity Governance Rules. By reporting this more detailed level of information on the types of ICPs, changes over time such as the rate of introduction of smart meters in different networks can be monitored. Smart meters may allow better use of existing network assets rather than building new assets.
 - e) Report MP3 (Price & Quality) could be improved by adding a brief description after each interruption Class to assist the general public when reading these reports understand, for example, what is the difference between a Class A and Class B interruption?
 - f) Row 64 in report MP3 (Price & Quality) requires disclosure of unit charges (c/kWh) for line charges for 4 classes of connected parties and in total. MEUG suggest a better metric would be the capacity charge for each class of connected party (eg \$/MW) because demand from end consumers for connection capacity drives line costs.
 - g) There is no requirement to report any statistics in report MP3 (Price & Quality) on engagement by ELB with connected parties. MEUG suggest the Commission could consider some high level statistics on ELB engaging with connected parties specifically in relation to the quality threshold such as:
 - i) Volume weighted percentage of end consumers by connection class surveyed for their views and the percentage of responses received; and
 - ii) Number of structured end consumer survey meetings held and how many people participated.
3. The discussion paper discusses prior decisions on the Regulatory Asset Base for periodic ODV revaluations with indexation for intervening years might be retracted and instead Indexed Historic Cost would be used for all years. MEUG suggests that if the Commission is to reconsider those options, then the option of requiring a full ODV each year should also be reconsidered. A full ODV each year may overcome the two issues identified with the periodic ODV and indexed roll-over approach. The question of whether the benefits outweigh the additional cost of requiring a full ODV each year should at least be examined.

Yours sincerely



Ralph Matthes
Executive Director

² Eg for year ended March 2006, refer <http://www.comcom.govt.nz/IndustryRegulation/Electricity/ElectricityLinesBusinesses/ContentFiles/Documents/Gazetted%20information%202006%20summarised%20for%20publication.XLS>