



# MAJOR ELECTRICITY USERS' GROUP

9 March 2012

John Groot  
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Regulation Branch  
Commerce Commission  
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Dear John

## **Submission on draft Information Disclosure Requirements for EDB and GPB**

1. This is a submission by the Major Electricity Users' Group (MEUG) on the Commerce Commission Draft Commerce Act (Electricity Distribution Services Information Disclosure) Determination 2012 and Draft Reasons Paper "Information Disclosure Requirements for Electricity Distribution Businesses and Gas Pipeline Businesses" dated 16 January 2012<sup>1</sup>.

### **Publicly disclose**

2. Sub clause (c) of the definition<sup>2</sup> to "publicly disclose" needs updating. A 10 working day timeframe between receipt of a request for information by an EDB and delivery to the requester might have been reasonable last century; but would be considered a poor response today. MEUG suggest 5 working days is reasonable and easily achievable by any efficient business.
3. Sub clause (c) should provide for requesters to ask for information to be emailed in .pdf format. This is consistent with common business practice. The Commission for example posts consultation papers in .pdf on its web site, does not mail out paper copies and prefers receipt of submissions electronically.

### **Reporting alternative ROI**

4. Interested parties will wish to compare ROI calculated using the standard approach to date as well as the proposed alternative in part 1c of Schedule 1. To make it clear EDB choosing to elect the latter must also publish the former calculation, MEUG recommends inserting "also" between Information" and "in" in section 2.3, clause 2.

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<sup>1</sup> <http://www.comcom.govt.nz/part-4-review-of-electricity-information-disclosure-requirements/>

<sup>2</sup> Draft Determination, section.1.4.

**The last date for public disclosures**

5. The usual end of year disclosure requirement<sup>3</sup> is “within 5 months after the end of each disclosure year.” It is likely efficient EDB will have much of this information finalised and considered by Directors well ahead of the 5 month maximum. We see no reason why end customers should not be privy to that information promptly after being seen by Directors.
6. MEUG recommends:
  - (a) Retaining as a maximum default the requirement that end of year disclosures be publicly disclosed “within 5 months after the end of each disclosure year”; and
  - (b) Adding an additional requirement that if a Director or Directors of the EDB consider an end of year disclosure earlier, then that information be publicly disclosed no later than 5 working days after the Directors have seen that information.
7. During a disclosure year EDB must provide information on various timelines as follows:
  - (a) Capital contribution inquiries within 10 working days<sup>4</sup>. This seems excessive considering the EDB must have used a methodology when formulating and advising the customer in the first place of any non standard capital contribution. If a customer is quoted a non standard capital contribution sum, then less than 5 working days is reasonable for the EDB to “provide a reasonable explanation ... of the components of that charge and how these were determined.”
  - (b) Prescribed contract information one month after being entered into<sup>5</sup>. In today’s business environment this is overly generous to EDB. An efficient company should turn this type of request around within 5 working days.

**Asset Management Information: more timely publication of reliability statistics**

8. The draft proposes actual reliability statistics to be disclosed no later than 5 months after the end of a disclosure year<sup>6</sup>. For events affecting reliability in April of a disclosure year, interested parties may have to wait for details to be published in August the following year, ie 17 months later. In workably competitive markets competing suppliers would promptly inform customers of changes in quality. Suppliers that failed to provide timely information would soon lose customers. Some EDB do monitor and publicly report quality statistics on a timely basis during the year, eg Vector. We suspect other EDB, indeed you would expect a reasonable and prudent network operator, to have quality information available much sooner.
9. MEUG suggests the draft requirement that reliability information be published no later than 5 months after a disclosure year requirement should be a default maximum. In addition a requirement is made for EDB to publish on a rolling basis during a disclosure year reliability statistics no later than 5 working days after a Director(s) of that EDB have considered those statistics.

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<sup>3</sup> The transitional requirements are an exception; refer section 2.10 and schedules 20 and 21. The 5 month after the end of the disclosure year requirement includes information in schedules 1 to 10 referred to in section 2.3, cl. 1, schedules 11 and 12 referred to in section.2.3, cl. 10, and schedule 13 referred to in section.2.4, cl. 19.

<sup>4</sup> Refer draft Determination, section 2.4, cl. 8

<sup>5</sup> Ibid, section 2.4, cl. 9 to 12.

<sup>6</sup> Ibid, section 2.5, cl. 6 and Schedule 19.

**Consumers must be able to replicate invoiced line charges**

10. Section 2.4, clause 16, sets out requirements for price disclosures that apply to individual consumers. To be absolutely clear that individual consumers must be able to accurately calculate from their retailers invoice that portion attributable to EDB charges and by deduction therefore that attributable for contestable services, MEUG suggests a new sub-clause 16.6:

“Sufficient information to allow a reasonable individual consumer to accurately calculate EDB charges including transmission charges, which deducted from a retailers invoice, will give the consumer an accurate split between line and contestable charges.”

11. In a workably competitive market consumers would have an ability to unbundle and decide how best to purchase different components of a service. We see no reason the same should not apply to electricity.
12. This may be a problem for EDB that use GXP pricing. That is a problem for those EDB to solve rather than deny their end customers the ability to accurately split line and contestable charges.

**Consolidated accounts**

13. Consolidated accounts are useful for assessing the effectiveness of the cost allocation input methodology. In workably competitive markets consumers can rely on market forces to weed out inefficient cross-subsidisation. For regulated EDB and GPB consumers are dependent on the effectiveness of the administrative determinations by the Commission. We believe a requirement for publishing consolidated accounts will assist interested parties to measure the effectiveness of the cost allocation input methodology and how those might evolve to better achieve the objectives of s.52(a) of the Commerce Act
14. MEUG recommend retaining the requirement for publishing consolidated accounts.

Yours sincerely



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