

23 June 2023

Ben Woodham
Manager, Electricity Distribution
Commerce Commission
44 The Terrace
WELLINGTON 6011

Sent via email: infrastructure.regulation@comcom.govt.nz

Dear Ben

Default price-quality paths for electricity distribution businesses from 1 April 2025: Proposed process

1. This is a submission from the Major Electricity Users' Group (MEUG) on the Commerce Commission's (the Commission) consultation paper "*Default price-quality paths for electricity distribution businesses from 1 April 2025: Proposed process*"¹ published for consultation on 25 May 2023.
2. MEUG members have been consulted in the preparation of this submission. This submission is not confidential. Members may lodge separate submissions.

Appreciate transparency around process for EDBs' DPP4 reset

3. MEUG appreciates the Commission providing an early indication of the process and likely timeframe for consultation on the Default Price-Quality Path reset for electricity distribution businesses (EDBs) from 1 April 2025 (DPP4). As the Commission can appreciate, it is a busy time for the energy sector, with numerous consultations expected on energy-related policy and regulation in coming months (for example, the Energy Strategy, the Electricity Authority's work programme and the Emissions Trading Scheme). Having advanced notice of the likely consultation periods helps associations such as MEUG identify the best points for engagement and manage our limited resources to provide the most targeted and informed submissions.
4. We provide the following comments on the Commission's consultation paper:
 - a. MEUG considers that the consultation paper provides a concise overview of the context and environment that will influence the decisions for DPP4.

¹ https://comcom.govt.nz/_data/assets/pdf_file/0032/316886/Default-price-quality-paths-for-electricity-distribution-businesses-from-1-April-2025-Proposed-process-25-May-2023.pdf

- b. We welcome the Commission's decision to seek external expert support to review EDBs' Asset Management Plans (AMPs). With a total of 16 EDBs subject to review through DPP4, it is difficult for consumers to get a good insight into the efficiency of proposed spend. An expert review provides a level of robustness in supporting the Commission's decisions and a way to convey key points of interest from the AMPs to interested parties. MEUG is keen to understand if the review of AMPs will look at the area of "deliverability". Many EDBs are forecasting a step change in expenditure, and it is helpful to understand how EDBs are placed to deliver on these larger work programmes.
 - c. We welcome the Commission providing preliminary versions of the financial models early in the process, to enable all stakeholders to review the Commission's approach to draft decisions.
 - d. The Commission outlines the importance of consumers input into DPP4 decisions and notes that it hasn't yet finalised its consumer engagement approach for DPP4.² MEUG welcomes the Commission's ongoing efforts to lift consumer engagement into the regulatory process and we have appreciated our ongoing engagement with Commission staff. We encourage the Commission to continue exploring how they can get input from a broad range of customer groups, when considering the impact of its decisions on the "long term benefit of consumers".³
5. We look forward to engaging with the Commerce Commission and the EDBs throughout the DPP4 reset process. If you have any questions regarding our submission, please contact MEUG on 027 472 7798 or via email at karen@meug.co.nz.

Yours sincerely



Karen Boyes
Major Electricity Users' Group

² Paragraph 46 of the consultation paper.

³ Section 52A, Commerce Act 1986.