

14 September 2023

Andy Burgess  
Commerce Commission  
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Dear Andy

## Targeted Information Disclosure Review (2024) - EDBs

1. This is a short submission from the Major Electricity Users' Group (MEUG) on the Commerce Commission's (Commission's) reason's paper "*Targeted Information Disclosure Review (2024) – Electricity Distribution Businesses*"<sup>1</sup> published for consultation on 17 August 2023.
2. This submission does not contain any confidential information and can be published on the Commission's website unaltered. Members may lodge separate submissions.
3. MEUG welcomes the Commission's next set of proposed changes to electricity distribution businesses' (ED) Information Disclosure requirements. Our comments are focused on the following proposed amendments:
  - D3 – Network constraints.
  - D5 – Work and investment on flexibility resources.
  - D6 - Standardised pricing components including transmission costs.
  - Q14 – Expand requirements to include raw interruption data and information on worst-performing feeders.
4. We support the Commission's intention to improve the ID regime so that customers and stakeholders can gain better insight into the performance of EDBs. We believe these four proposed amendments are useful additions, providing a further level of insight into EDBs investment and operations.

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<sup>1</sup> [Targeted-Information-Disclosure-Review-2024-Electricity-Distribution-Businesses-Draft-decision-Reasons-paper-17-August-2023.pdf \(comcom.govt.nz\)](#)

### Decarbonisation proposals an improvement but greater insight will be needed

5. We support the Commission looking at the area of decarbonisation<sup>2</sup> and what additional information would be helpful in this space. EDBs will be a key player in enabling greater electrification across many sectors, including industrial process heat, and supporting New Zealand's target of net zero emissions by 2050.
6. For MEUG members, it is important to understand what capacity is available on the distribution network and areas of possible congestion or system weakness, as we look to establish or grow operations, or convert process heat over to electricity. Proposed amendment D3 is a positive step and should further support discussions between EDB staff and industrial and commercial consumers about access to the distribution network.
7. As EDBs will need to investment a significant amount into the network in the coming decade to meet expected growth, it is important for stakeholders and customers to be able to access and understand that the most cost-effective options are being pursued. Proposed amendment D5 assists with this, and we consider that analysis by the Commission of the overall trends in this space would be beneficial. Given this is still a relatively emerging area, we question whether Commission guidance notes may be useful for EDBs as they adopt this requirement.
8. MEUG strongly supports proposed amendment D5 - Standardised pricing components including transmission costs. As outlined in past submissions, we believe that this area should be a priority for the Commission. More accessible pricing information is essential for industrial and business customers as they expand and electrify their operations and seek cost-reflective, efficient pricing. As we have raised with the Electricity Authority:

*MEUG's biggest concerns with EDBs and pricing relates to a lack of transparency around the pricing process and a lack of consistency in EDBs practices and information provision. These issues are particularly apparent for MEUG members who have operations across the country (for example, Fonterra and Countdown), and it highlights the variation in both the performance and customer-focus of EDBs. We observe that there is very little direct engagement from some EDBs regarding yearly pricing updates and their pricing methodologies.<sup>3</sup>*

9. It is positive to see reference to greater breakdown of information around transmission costs. As we have noted in the recent submission to the Electricity Authority:

*MEUG's main concern with distribution pricing is the pass-through of transmission charges from the new TPM, and the extreme price increases that many members with Time of Use (ToU) sites have faced from this change. Communication of this change before 1 April 2023 has been varied from EDBs, with increases from 40% up to 190% in transmission charges observed, often with limited explanation.<sup>4</sup>*

10. Great transparency of information, greater consistency / standardisation of information across EDBs, and greater engagement with customers are all key factors we consider are

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<sup>2</sup> We still hold the view that this category should be e-titled "net zero GHG 2050 target" or the broader opportunities and risks to meet that target of "technology and digitisation." See paragraph 6 of MEUG's submission on 20 April 2023, [Major-Electricity-Users-Group-Submission-on-EDB-targeted-ID-review-process-and-issues-paper-20-April-2022.pdf](https://www.comcom.govt.nz/submissions/2023/2023-04-20-MEUG-Submission-on-EDB-targeted-ID-review-process-and-issues-paper-20-April-2022.pdf) ([comcom.govt.nz](https://www.comcom.govt.nz))

<sup>3</sup> Paragraphs 7 – 8, [https://www.ea.govt.nz/documents/3562/Meug - Targeted Reform of Distribution Pricing - Submission Aug 2023.pdf](https://www.ea.govt.nz/documents/3562/Meug_-_Targeted_Reform_of_Distribution_Pricing_-_Submission_Aug_2023.pdf)

<sup>4</sup> Paragraph 14, [https://www.ea.govt.nz/documents/3562/Meug - Targeted Reform of Distribution Pricing - Submission Aug 2023.pdf](https://www.ea.govt.nz/documents/3562/Meug_-_Targeted_Reform_of_Distribution_Pricing_-_Submission_Aug_2023.pdf)

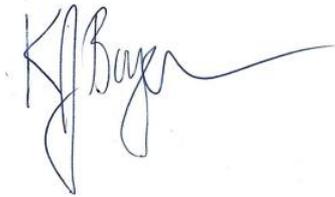
needed to enable a successful transition to a more electrified economy. We recognise that this will take time, as there are many different approaches and practices adopted by the 29 EDBs across the country. However, we welcome the effort made by the sector and particularly Electricity Networks Aotearoa (ENA) to drive improvements in this area.

11. In the Commission's next consultation on further improvements to the ID regime, we would strongly encourage the Commission to look at further improvements around pricing information disclosed and information on the level of engagement between EDBs and their customers.

#### **Further information on network quality can aid discussion on network investment**

12. The quality and reliability of the electricity distribution system remains an important consideration for MEUG. We welcome the proposed amendment Q14 which will require EDBs to provide information on the worst performing feeders on their networks. This measure will further enable the Commission to track EDBs progress addressing weak areas within their network and enable more informed discussions around current and future expenditure directed towards strengthening and maintaining the network.
13. If you have any questions regarding our submission, please contact MEUG on 027 472 7798 or via email at [karen@meug.co.nz](mailto:karen@meug.co.nz).

Yours sincerely



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