

19 September 2022

Hristina Dantcheva
Head of Performance and Understanding
Infrastructure Regulation Branch
Commerce Commission
By email to regulation.branch@comcom.govt.nz

Dear Hristina

EDB Targeted ID Review – Tranche 1 draft decisions paper cross-submission

1. This is a cross-submission from the Major Electricity Users' Group (MEUG) on submissions that closed 31 August by 20 other parties on the Commerce Commission consultation paper "Targeted Information Disclosure Review – Electricity Distribution Businesses – Draft decisions paper – Tranche 1" (TIDR EDB tranche 1) 3 August 2022.¹ Federated Farmers was the only other consumer-side submitter apart from MEUG. Other non-EDB submitters were Genesis Energy and the Electricity Retailers Association of NZ. Seventeen of the 21 submitters were EDB-related.
2. MEUG members have been consulted in the preparation of this submission. This submission is not confidential. Members may lodge separate submissions.
3. MEUG focussed on three topics in the submission phase. The views of other submitters on those topics are considered in the next sections.

Q5: Add ID requirements on information about customer charters and guaranteed service level (customer compensation) schemes, i.e., information about existing schemes.

4. Most submitters, including MEUG, supported this proposal.² Some supported the proposal with caveats or suggested the DDA disclosure requirements were sufficient.³ On balance MEUG prefers disclosure be explicit as proposed.
5. Aurora submitted (paragraphs [48] to [50]):

"In our submission to the Commission's process and issues paper, Aurora recommended that the Commission's proposal for disclosure of customer charters be amended to require each EDB to develop, certify and publish a customer charter. Our submission identified a minimum set of topics that each EDB's charter should address.

¹ Web page <https://comcom.govt.nz/regulated-industries/electricity-lines/projects/targeted-information-disclosure-review-for-electricity-distribution-businesses>

² Support from EDB was either explicit or as part of a general agreement with ENA's support of the proposal.

³ For example, Network Waitaki, Northpower, Orion and Vector.

We are disappointed that the Commission has elected not to take up our recommendation. We consider that this is a lost opportunity to make meaningful progress in customer service measures. EDBs would have been able to tailor customer service/quality of supply measures so that they are specific and relevant to the concerns of their consumers, by engaging with them to find out what they consider important and then putting responsive service measures in place.

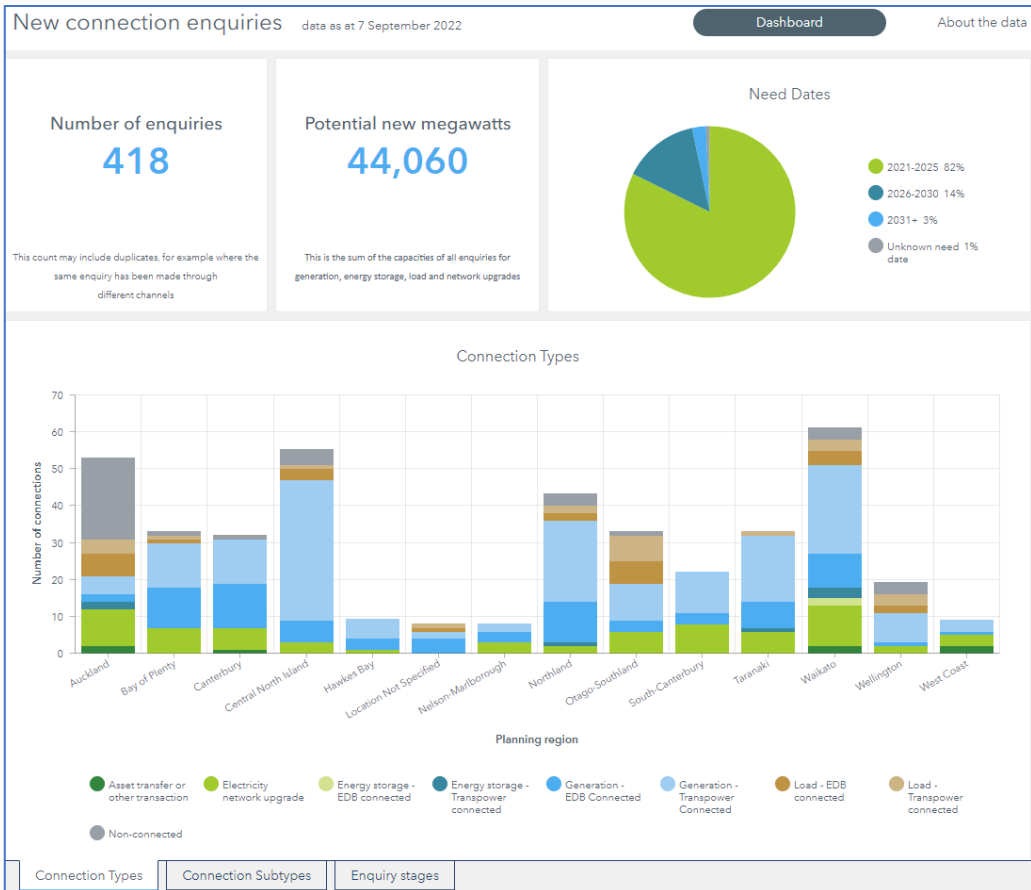
The development and publication of customer charters can be separated from customer compensation arrangements/guaranteed service levels, which are more difficult to implement given the expectation, as witnessed in other jurisdictions and Aurora's CPP, that those arrangements would be funded. For non-exempt EDBs, funding of customer compensation arrangements/guaranteed service levels would need to be considered at the time price-quality paths are reset"

6. MEUG agrees with Aurora that a requirement that each EDB must develop, certify and publish a customer charter has merit. MEUG recommends Aurora's suggestion be included for consideration in the tranche 2 list of topics.

D2: Add requirements on new network loads likely to have a significant impact on network operations or asset management priorities.

7. EDB supported the intention that such information should be available. However, there were questions on whether the existing Asset Management Plan (AMP) ID requirements may be sufficient, and if not, what additional disclosures were required and when those requirements should take effect. MEUG agrees with other submitters that a comprehensive AMP would already consider possible large step changes, both increases and decreases in mass-market retail demand (e.g., upper bound forecast of EV uptake) and large end consumer step changes. To add a new ID requirement as proposed appears to be an unnecessary duplication when an alternative solution is to lift the quality of AMP for EDB that do not meet best practice in identifying, considering and being transparent on possible significant changes in demand for network services.
8. If the Commission decides to implement a new ID requirement, then there is no change to MEUG's submission proposing changes to the text of the determination to capture large new batteries and generation connecting, and that a large new load may be a greenfield business and not an existing thermal load switching to electricity. Support for considering large new generation was referenced in the submission by the Electricity Networks Association [p13]:

"As drafted, this disclosure applies only to new loads, not to new distributed generation. This is likely to have a similar, if not, larger impact on network operations or asset management priorities, especially for those EDBs without large fossil fuel loads with potential for conversion."
9. Transpower launched a dashboard for new connection enquiries on 7 September 2020, <https://experience.arcgis.com/experience/97d4604079b545448280423f9269b9ea/page/Dashboard/>. A snapshot of the dashboard of connection types across Transpower's 14 planning regions and a "location not specific group" as of 7 September 2022 follows.



10. The raw data is not published but can be found by rolling a cursor over the graph on the website. The relevant bands are blue for “Generation – EDB connected” and brown for “Load – EDB connected.” Generation exceeded load connection enquires for eleven EDB regions plus the “location lot specified” group. Three regions (Auckland, Otago-Southland and Wellington) recorded load exceeding generation enquiries.

EDB connection enquiries	Generation	Load
Auckland	2	6
Bay of Plenty	11	1
Canterbury	12	-
Central North Island	6	3
Hawkes Bay	3	-
Location not specified	4	1
Nelson-Marlborough	3	-
Northland	11	2
Otago-Southland	3	6
South-Canterbury	3	-
Taranaki	7	-
Waikato	9	4
Wellington	1	2
West Coast	1	-

D6: Proposed changes to refine ID requirements by providing standardised price components and/or price categories that EDBs can record revenue against in addition to a free field for revenue that does not fit one of the standardised categories or components.

11. D6 is to be considered in tranche 2. MEUG's submitted this should be a priority topic in tranche 2. There is no change in our view that price disclosures and consultation with consumers about price structures should be a high priority. Two recent events support our view improving transparency on price structure formation and accessibility is important.

12. First The Lines Company (TLC) submitted [p1]:

"TLC highlights that no discussion nor consideration has been given to pricing notifications to customers. TLC customers have told us a lot of the required pricing information in newspapers is confusing. TLC proposed that ID requirements are varied to allow newspaper notification of a price change which directs customers to our website for pricing schedules (instead of the publication of pricing schedules in the newspaper). We encourage the Commission to include this in Tranche 2."

MEUG supports inclusion in tranche 2 of this proposal by The Lines Company, though we are undecided as to its merits until understanding if required disclosure in newspapers can be improved and how customers that do not have access to online information can be informed.

13. Second the Electricity Authority has been informally consulting on implementation of voluntary pricing principles by EDB for Transmission charge Pass-Through to accommodate the new Transmission Pricing Methodology that comes into effect on 1 April 2023. MEUG has engaged with the Authority on this process.⁴ The process to date has highlighted how current disclosures for the treatment of transmission charges to different customer classes are opaque, difficult to replicate, and therefore a barrier to consumers being able to easily test and be satisfied price structures are efficient. ID requirements on pricing disclosures to address this should be part of the tranche 2 work.

Yours sincerely



Ralph Matthes
Executive Director

⁴ Refer NZIER memo and MEUG cover letter to the Electricity Authority both dated 2 September 2020, at <http://www.meug.co.nz/node/1236> and <http://www.meug.co.nz/node/1235> respectively.