

4 May 2022

Dr John Rampton
Regulation Branch
Commerce Commission
By email to regulation.branch@comcom.govt.nz

Dear John

EDB Targeted ID Review – cross submission

1. This is a cross-submission from the Major Electricity Users' Group (MEUG) in response to the submissions of 17 other parties on the Commerce Commission Process and Issues paper "Targeted Information Disclosure Review – Electricity Distribution Businesses" (TIDR EDB) dated 23 March 2022.¹
2. MEUG members have been consulted in the preparation of this submission. This submission is not confidential. Members may lodge separate submissions.
3. The next three sections consider potential ID changes Q5, D2 and D6 discussed in the MEUG submission of 20 April.² Two additional comments on net benefits matter, and open in-person conversations, are covered in the final two sections.

Proposal Q5: ID on customer charters and guaranteed service level schemes

4. MEUG's submission recommended this be a top priority for tranche 1. The Electricity Network Association (ENA) and seven EDB commented on proposal Q5. ENA submitted:

"Many EDBs have voluntarily established customer charters to document and explicitly communicate to customers what they can expect from their EDB

ENA supports simple disclosures on the existence and availability of customer charters.

Service-level expectations are a core component of DDAs between EDBs and retailers. The ENA does not support the inclusion of guaranteed service levels within the ID, as these are subject to direct regulatory oversight by the Electricity Authority via the DDA."
5. Most EDB largely agreed with ENA. Those submissions were helpful and highlighted our uncertainty on the risk of overlaps between the role of the Commission and the Electricity Authority on expectations and reporting of compliance on contractual service levels

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

² Document URL https://comcom.govt.nz/data/assets/pdf_file/0014/282110/Major-Electricity-Users-Group-Submission-on-EDB-targeted-ID-review-process-and-issues-paper-20-April-2022.pdf

between EDB, EDB customers and end consumers. MEUG therefore supports the view of ENA.

6. Proposal Q5 is not trivial and will, as noted above, require careful consideration of outcomes within the Commission or EA remit and testing with interested parties. We therefore continue to view consideration of proposal Q5 as important but realistically should be considered in tranche 2.

Proposal D2: Magnitude and effect of new net zero emission or new technology loads

7. MEUG's submission recommended this be changed from tranche 1 to tranche 2 as it's complex and the proposal needs to be tested more. Ten other parties submitted on this proposal. There was a general, though not universally agreed, theme that aligned with MEUG's view as summarised, for example, by Vector that categorised this proposal in the "needs further work/guidance" category noting:

"Whilst we have modelling in place to better understand how electricity loads will affect our networks, these movements will primarily come from our customers and this poses a few questions around the disclosure of such information:

- (1) Confidentiality
- (2) In a given area customers may not all be ready at once
- (3) Plans change"³

8. After considering other submissions, MEUG's original submission stands.

Proposal D6: Standardising price components to improve ID quality

9. MEUG's submission recommended this be changed from tranche 2 to tranche 1 given the criticality of unambiguous price transparency and comparability for network users to make good use and investment decisions. MEUG's view that those outcomes remain critical for consumers is unchanged. Eight other parties made submissions on proposal D6. Those submissions ranged opposing the proposal, suggesting this was within the remit of the EA rather than the Commission, to others such as Wellington Electricity noting "support but may be some practical challenges." After considering this wide range of submissions, MEUG retracts our original submission that proposal D6 be fast tracked to tranche 1. Clarity is needed first on whether this work falls within the scope of the Commission's ID regime or the remit of the EA.

Additional comment #1: Net benefits matter for proposed ID changes

10. MEUG agrees with the submissions by ENA:

"In assessing any changes to the IDs, there is one core question the Commission must keep at front of mind — would the proposed change deliver a net benefit when the cost of collation, audit and reporting is compared with benefits in achieving the purpose of Part 4?"⁴

³ Vector, p7.

⁴ ENA, p5.

11. A similar theme was submitted by Trustpower:

“More broadly we consider it will remain important that any arrangements for transparency are proportionate to the identified issues and strongly support the Commission ensuring that there are clear net benefits to consumers in the long term associated with any arrangements that are progressed to enhance transparency and consistency of information around distribution networks.”⁵

12. This theme of proposed changes to ID having a new benefit was supported by Network Waitaki, Orion, Powerco, Unison, Vector and Wellington Electricity Ltd. Some of those submitters suggested practical ways the Commission could use decision criteria or principles to screen proposals to ensure benefits exceeded costs of implementing or to use a temporary opt-in approach where the value of a change to an ID is initially unclear. MEUG supports the Commission considering those suggested approaches to assist screen and prioritise proposals in terms of net benefit for the long-term benefit of consumers.

Additional comment #2: Open in-person conversations

13. MEUG agrees with the submission by Powerco that “We think in-person conversations with stakeholders are an essential next step.” Unison shared the same view and submitted:

“We recommend the Commission engages deeply with EDBs to define new requirements. We are not persuaded that submission processes are the most effective way of determining or finalising new information disclosure requirements. Workshops with relevant subject matter experts may be more effective and efficient in ensuring any new requirements are practical and achieve their intended purpose.”⁶

14. The above detailed engagement should, where possible, be open to users of EDB regulated services including end consumers, suppliers, aggregators and equipment, product and service providers. Whether others attend and contribute to detailed discussions is not as important as the principle that there is the option to attend as EDB and Commission staff should have nothing to hide in those discussions.

Yours sincerely



Ralph Matthes
Executive Director

⁵ Trustpower, p2.

⁶ Unison p4.