



MAJOR ELECTRICITY USERS' GROUP

7th December 2015

Diego Villalobos and Keston Ruxton
Commerce Commission, by email to regulation.branch@comcom.govt.nz

Dear Diego and Keston

Feedback ahead of emerging technologies workshop

1. This letter provides feedback on two aspects of the Commerce Commission emerging technology pre-workshop paper¹ published 30th November 2015.
2. First additional scenarios could be included where EDB do not own/sell or control batteries. There are two such scenarios. The first scenario is where an end consumer owns and controls the battery behind the meter and the battery is not purchased from the EDB. The second scenario is where a third party owns a battery further up the supply chain connected to Transpower's network. We think there are benefits in considering all feasible scenarios right across the supply chain because those may give insights into the best future regulatory treatment of batteries connected to an EDB network.
3. Broad changes in meter, battery, PV, appliance, demand response and control system technology coupled with more disaggregated and consumer specific pricing of energy, ancillary services and network deferral or outage management is an opportunity to empower consumers to take more control of all of these value streams to meet the quality of supply at prices they are prepared to pay. Accordingly we think scenarios 2 and 3 in the pre-workshop paper should be compared to a base case or counterfactual whereby consumers own and control use of batteries.
4. Second there may be value in considering how meters are currently treated under Part 4. Meters are a competitive activity and we see similar parallels with batteries. There may also be differences that could tip the balance towards having batteries part of the regulated business. The workshop would be an opportunity for EDB to explain what differences would justify a different treatment compared to meters.

Yours sincerely

Ralph Matthes
Executive Director

¹ <http://www.comcom.govt.nz/regulation/regulated-industries/input-methodologies-2/input-methodologies-review/emerging-technology/>