



MAJOR ELECTRICITY USERS' GROUP

7 November 2017

Matt Lewer
Manager, Price-Quality Regulation
Commerce Commission
By email to regulation.branch@comcom.govt.nz

Dear Matt

Submission on IM review – gas pipeline businesses CPP information requirements

1. This is a submission by the Major Electricity Users' Group (MEUG) on the Commerce Commission consultation paper Input methodologies (IMs) review draft decisions, Topic paper 2: CPP information requirements for gas pipeline businesses (GPB), 24 October 2017.¹
2. MEUG members have been consulted in the preparation of this submission. This submission is not confidential. Some members may make separate submissions.
3. MEUG has, at this time, no view on possible improvements to Schedules D and E, and the relevant provisions of subpart 5 of part 5 of the GPB IMs.² We may have a view after considering the submissions of other parties.
4. MEUG believes there is a problem with the GPB IM CPP information requirements that should be considered now rather than wait for the next review of IM up to 7-years hence. The problem is the consumer consultation requirements are insufficient for customers to provide informed feedback to a CPP applicant.³ This is an important lesson from the Powerco CPP application process this year as explained in the MEUG submission in September.⁴

¹ Refer document URL <http://www.comcom.govt.nz/dmsdocument/15842> at <http://www.comcom.govt.nz/regulated-industries/input-methodologies-2/input-methodologies-review/cpp-requirements/>.

² Refer CC paper, paragraph 10.

³ The current consultation requirements are set out in the Gas Transmission Services IM Determination 2012, Part 5, subpart 6, consolidated determination published 28 February 2017, URL <http://www.comcom.govt.nz/dmsdocument/15237> at and CC, Gas Distribution Services IM Determination 2012, Part 5, subpart 6, consolidated determination published 28 February 2017, URL <http://www.comcom.govt.nz/dmsdocument/15236>. Both determinations found at <http://www.comcom.govt.nz/regulated-industries/input-methodologies-2/input-methodologies-review/>

⁴ Refer MEUG submission 22 September 2017, paragraph 2.42 and footnote 16, document URL <http://www.comcom.govt.nz/dmsdocument/15771> at <http://www.comcom.govt.nz/regulated-industries/electricity/cpp/cpp-proposals-and-decisions/powercocpp/powerco-customised-price-quality-path-proposal/>

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5. In summary customers need to know what the full costs and benefits over the short, medium and long terms for a CPP proposal(s) versus the counterfactual of a regulated entity remaining on DPP. By full costs and benefits we mean, as illustrated by the Powerco CPP application, the sum of direct line charges and indirect VoLL due to forecast changes in planned and unplanned outages. To avoid a GPB making a CPP application and repeating the problems experienced on customer consultation with the Powerco CPP the Commission should use this opportunity to reconsider its December 2016 IM decisions on consumer consultation.⁵

Yours sincerely



Ralph Matthes
Executive Director

⁵ Minimal changes were made by the CC to IM CPP customer consultation requirements for both GPB and EDB as explained in the IM review decisions Topic paper 2: CPP requirements final reasons paper, 20 December 2016, paragraphs 432 to 464, refer pp 508 to 513 in consolidated final reasons paper document URL <http://www.comcom.govt.nz/dmsdocument/15113> at <http://www.comcom.govt.nz/regulated-industries/input-methodologies-2/input-methodologies-review/>. Refer footnote 3 above for current IM requirements post 20 December 2016 final reasons paper.