

29 September 2022

Andy Burgess
General Manager – Infrastructure Regulation
Commerce Commission
Wellington 6140
By email to infrastructure.regulation@comcom.govt.nz.

Dear Andy,

Cross submission to the Commerce Commission on Powerco's default price path transition

The Electricity Networks Association (ENA) appreciates the opportunity to submit to the Commerce Commission (Commission) on Powerco's default price path (DPP) transition. This submission is on behalf of ENA's members (listed in the appendix to this submission), the electricity distribution businesses (EDBs) of New Zealand. This submission is not confidential.

ENA supports Powerco's views expressed in its submission to the Commission on its draft decision on Powerco's DPP transition, particularly in respect of operational cost adjustments and the inclusion of an allowance for the costs of the procurement of smart meter data.

As New Zealand transitions to a net carbon zero economy, smart meter data will become a critical input to EDBs' efficient service provision, network operations, and decision-making. The procurement of smart meter data on commercial terms from retailers and non-regulated metering equipment providers is a new development for the industry, and a cost not historically present in EDBs' opex expenditures.

The Powerco DPP transition and all other price-quality decisions by the Commission should reflect the value of smart meter data to EDBs and consumers by explicitly including within opex allowances expenditure for the procurement of this powerful and historically unavailable resource.

The issue of smart meter data costs highlights a weakness in the Commission's allowance-setting framework. As highlighted in the ENA responses to the Commission's 2021 open letter¹ and Input Methodologies process and issues paper², the Commission's reliance on historical expenditure as the benchmark for future expenditure allowances neglects the fundamental shift needed to enable EDBs to efficiently facilitate New Zealand's achievement of its net carbon zero climate goals.

ENA supports Powerco's view that its post-CPP allowance should reflect Powerco's current operating practices, operational environment (typified by high inflation and rising cost pressures) and up-to-date data, rather than regressing to pre-CPP levels.

Please get in touch with ENA if you'd like to discuss our submission. Contact Keith Hutchinson (keith@electricity.org.nz, 021 0849 9419) in the first instance.

Yours sincerely,



Keith Hutchinson

Regulatory Manager

Electricity Networks Association

¹ [Electricity Networks Association – Response to 29 April Open Letter – 28 May 2021.pdf](#)

² [Electricity Networks Association – Submission on IM Review Process and Issues paper and draft Framework paper – 11 July 2022](#)

Appendix A – ENA Members

The Electricity Networks Association makes this submission along with the support of its members, listed below.

Alpine Energy
Aurora Energy
Buller Electricity
Centralines
Counties Energy
Eastland Network
Electra
EA Networks
Horizon Energy Distribution
Mainpower NZ
Marlborough Lines
Nelson Electricity
Network Tasman
Network Waitaki
Northpower
Orion New Zealand
Powerco
PowerNet
Scanpower
The Lines Company
Top Energy
Unison Networks
Vector
Waipa Networks
WEL Networks
Wellington Electricity Lines
Westpower