



ELECTRICITY PRICE REVIEW

SUBMISSION FORM

How to have your say

We are seeking submissions from the public and industry on our first report into the state of the electricity sector. The report contains a series of questions, which are listed in this form in the order in which they appear. You are free to answer some or all of them.

Where possible, please include evidence (such as facts, figures or relevant examples) to support your views. Please be sure to focus on the question asked and keep each answer short. There are also boxes for you to summarise your key points on Parts three, four and five of the report – we will use these when publishing a summary of responses. There are also boxes to briefly set out potential solutions to issues and concerns raised in the report, and one box at the end for you to include additional information not covered by the other questions.

We would prefer if you completed this form electronically. (The answer boxes will expand as you write.) You can print the form and write your responses. (In that case, expand the boxes before printing. If you still run out of room, continue your responses on an attached piece of paper, but be sure to label it so we know which question it relates to.)

We may contact you if we need to clarify any aspect of your submission.

Email your submission to energymarkets@mbie.govt.nz or post it to:

Electricity Price Review

Secretariat, Ministry of Business, Innovation and Employment

15 Stout Street

PO Box 1473

Wellington 6140

Contact details

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Use of information

We will use your feedback to help us prepare a report to the Government. This second report will recommend improvements to the structure and conduct of the sector, including to the regulatory framework.

We will publish all submissions in PDF form on the website of the Ministry of Business, Innovation and Employment (MBIE), except any material you identify as confidential or that we consider may be defamatory. By making a submission, we consider you have agreed to publication of your submission unless you clearly specify otherwise.

Release of information

Please indicate on the front of your submission whether it contains confidential information and mark the text accordingly. If your submission includes confidential information, please send us a separate public version of the submission.

Please be aware that all information in submissions is subject to the Official Information Act 1982. If we receive an official information request to release confidential parts of a submission, we will contact the submitter when responding to the request.

Private information

The Privacy Act 1993 establishes certain principles regarding the collection, use and disclosure of information about individuals by various agencies, including MBIE. Any personal information in your submission will be used solely to help develop policy advice for this review. Please clearly indicate in your submission whether you want your name to be excluded from any summary of submissions we may publish.

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Summary of questions

Part three: Consumers and prices

Consumer interests

1. *What are your views on the assessment of consumers' priorities?*

There should be greater understanding of residential user needs and this information should be publicly available. This should be a function of the electricity industry (Electricity Authority) and not left to Consumer to fill in the gaps in knowledge.

Affordability is the main priority. Security of supply is assumed to be managed by the industry. If security of supply becomes a topic of public discussion then that is a sign that there are problems in the industry.

2. *What are your views on whether consumers have an effective voice in the electricity sector?*

There needs to be a much greater residential user participation in the electricity sector. This includes governance not just in advisory roles. I agree with the IEA's recommendation to strengthen consumer participation.

3. *What are your views on whether consumers trust the electricity sector to look after their interests?*

There is a public erosion of trust in the electricity sector. The increased corporatization of the electricity sector has reduced the view that electricity provides for human needs and instead electricity is increasingly seen as a commodity that is to be profited from.

Prices

4. *What are your views on the assessment of the make-up of recent price changes?*

The use of daily supply charges prevents the costs of electricity to be properly incentivized. The daily supply charge should be eliminated, so that the full cost of electricity is factored into the kWh charge. This will better encourage those that are high users to reduce their usage

There has been a substantial reversal of the cross-subsidization between commercial and residential electricity users. Residential users are picking up a greater proportion of the costs of the electricity industry than commercial users.

There should be proportional funding between residential and commercial users such that the residential users pay collectively the same percentage as the percentage of the electricity they use in comparison to commercial users.

5. *What are your views on the assessment of how electricity prices compare internationally?*

A comparison of countries without regard for the nature of their economy or their generation mix isn't helpful.

6. *What are your views on the outlook for electricity prices?*

There is no discussion on the impact of wide-spread uptake of residential PV, like that that has occurred in Australia. While our radiation levels are lower than Australia they are certainly higher than many parts of Europe and a large displacement of centralized generation should be considered.

Affordability

7. *What are your views on the assessment of the size of the affordability problem?*

Affordability is a key issue and access to a minimal level of electricity at an affordable price is essential for low-income New Zealanders.

8. *What are your views of the assessment of the causes of the affordability problem?*

Daily supply charges.

Subsidization of the commercial users by residential users.

Prepayment meters and increased tariff rate and associated additional costs impact those that can less afford them.

9. *What are your views of the assessment of the outlook for the affordability problem?*

The winter energy payment is a sign that the industry is struggling with affordability. The affordability problem is a question of who is bearing the costs of the electricity supply and this needs to be addressed between residential and commercial users.

Summary of feedback on Part three

10 *Please summarise your key points on Part three.*

Solutions to issues and concerns raised in Part three

11 *Please briefly describe any potential solutions to the issues and concerns raised in Part three.*

Part four: Industry

Generation

12 *What are your views on the assessment of generation sector performance?*

This discussion was largely around the edges of generation system and doesn't address a large scale disruption to the generation map;

How to respond to a rapid large uptake of electric vehicles or closure of the Tiwai point Aluminium smelter.

Discussion also lacks the role distributed generation has to play. The large scale uptake of PV in Australia (especially South Australia) should be considered in greater detail..

13 *What are your views of the assessment of barriers to competition in the generation sector?*

14 *What are your views on whether current arrangements will ensure sufficient new generation to meet demand?*

Retailing

15 *What are your views on the assessment of retail sector performance?*

The 'What's my Number' campaign has been ineffective in reducing the average electricity prices to consumers (your Figure 5). Measuring its effectiveness based on the number of residential users switching retail companies is not sufficient. Those on prepayment plans, those on the wrong plan, those locked into multi-year contracts all distort this analysis. The numbers submitted on the website, involving potential savings of \$295 million is misleading.

16 *What are your views on the assessment of barriers to competition in retailing?*

There is too much of a focus on the number of available retailers in a particular area. There should be greater focus on the variety of options available.

Vertical integration

17 *What are your views on the assessment of vertical integration and the contract market?*

18 *What are your views on the assessment of generators' and retailers' profits?*

Transmission

19 *What are your views on the process, timing and fairness aspects of the transmission pricing methodology?*

Distribution

20 *What are your views on the assessment of distributors' profits?*

21 *What are your views on the assessment of barriers to greater efficiency for distributors?*

22 *What are your views on the assessment of the allocation of distribution costs?*

23 *What are your views on the assessment of challenges facing electricity distribution?*

Summary of feedback on Part four

24 Please summarise your key points on Part four.

Solutions to issues and concerns raised in Part four

25 Please briefly describe any potential solutions to the issues and concerns raised in Part four.

Part five: Technology and regulation

Technology

26 *What are your views on the assessment of the impact of technology on consumers and the electricity industry?*

27 *What are your views on the assessment of the impact of technology on pricing mechanisms and the fairness of prices?*

28 *What are your views on how emerging technology will affect security of supply, resilience and prices?*

Regulation

29 *What are your views on the assessment of the place of environmental sustainability and fairness in the regulatory system?*

30 *What are your views on the assessment of low fixed charge tariff regulations?*

31 *What are your views on the assessment of gaps or overlaps between the regulators?*

32 *What are your views on the assessment of whether the regulatory framework and regulators' workplans enable new technologies and business models to emerge?*

33 *What are your views on the assessment of other matters for the regulatory framework?*

Summary of feedback on Part five

34 *Please summarise your key points on Part five.*

Solutions to issues and concerns raised in Part five

35 *Please briefly describe any potential solutions to the issues and concerns raised in Part five.*

Additional information

36 *Please briefly provide any additional information or comment you would like to include in your submission.*