



# **ELECTRICITY PRICE REVIEW**

## **SUBMISSION**

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Electricity Price Review

Secretariat, Ministry of Business, Innovation and Employment

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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.

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## Summary of questions

### Part three: Consumers and prices

#### Consumer interests

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

Not good! NZ has higher electricity prices than anywhere else we have lived and prices in the South Island Dunedin are much higher than in Auckland.

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

consumer have not been effective in reducing cost of electricity supply. There are too many competing electricity providers making a profit off consumers.

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

I have a low level of confidence in the electricity sector to look after my interests.

#### Prices

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

Detail of costing is improving but just serves to highlight the high cost per KWhr 37.4c/ hr of supplied electricity!

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

Prices are higher in NZ than anywhere else we have lived, Canada, US, Australia, and are much higher in the South Island than in the north island.

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

Poor outlook for prices by uncontrolled providers. Providers must provide more incentive for users to contribute to the grid supply and hence cut down the need for additional supply infrastructure.

**Affordability**

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

A serious issue, since users cannot afford to use the supply at current prices.

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

Need for supply infrastructure is often cited. Providers should encourage more input to the grid from Sustainable energy sources.

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

Providers do not seem to be addressing the affordability problem. The use of “electricity free shouts” by providers encourages additional usage and has little reduction in the overall billing.

## Summary of feedback on Part three

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

Need more encouragement for contributions to the energy grid from users. Payment of 8 c per kWh supplied to the supplier is ridiculous, unfair, a disincentive, compared to the charge of 37.4 c per kWh by the electricity company!

## Solutions to issues and concerns raised in Part three

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

Increase the payment for electricity supplied to the grid from energy generation from solar or wind generation by households.

## Part four: Industry

### Generation

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

No comment

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

Unfair barriers when the price of electricity supplied to the grid is a fixed price across all providers. Price fixing on a large scale!

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

Current arrangements for new generation are less than ideal when future contribution to the grid is discouraged by poor feedback prices for electricity supplied to the grid.

### Retailing

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

Retail sector performance is concerned with supplier profit, not user needs.

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

To many suppliers. There appears to be price fixing and little difference between suppliers who are all making profits.

## **Vertical integration**

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

No comment

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

Too many suppliers making a profit.

## **Transmission**

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

Not impressed!

## **Distribution**



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

Too high in the South Island.

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

Too many suppliers.

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

Seem unreasonable when electricity generated in the South Island is more expensive in the South than in the north.

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

No comment.

## Summary of feedback on Part four

***Please summarise your key points on Part four.***

High prices and similar prices across multiple suppliers indicates too many profiting off the industry.

## Solutions to issues and concerns raised in Part four

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

Reduce the number of suppliers. Address price fixing.

## Part five: Technology and regulation

### Technology

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

Great potential for additional contribution to the grid, reducing need for future generation capacity and reducing supply charges.

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

Likely to result in greater assessment of supply needs.

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

Should improve security of supply and prices if more input capacity.

### Regulation

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

Environmental sustainability and fairness critical to the regulatory system.

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

Should be maintained.

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

No comment

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

No comment.

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

No comment

## Summary of feedback on Part five

*Please summarise your key points on Part five.*

Great potential for technology to contribute to both supply and regulatory processes.

## Solutions to issues and concerns raised in Part five

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

No comment

## Additional information

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

No comment