



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

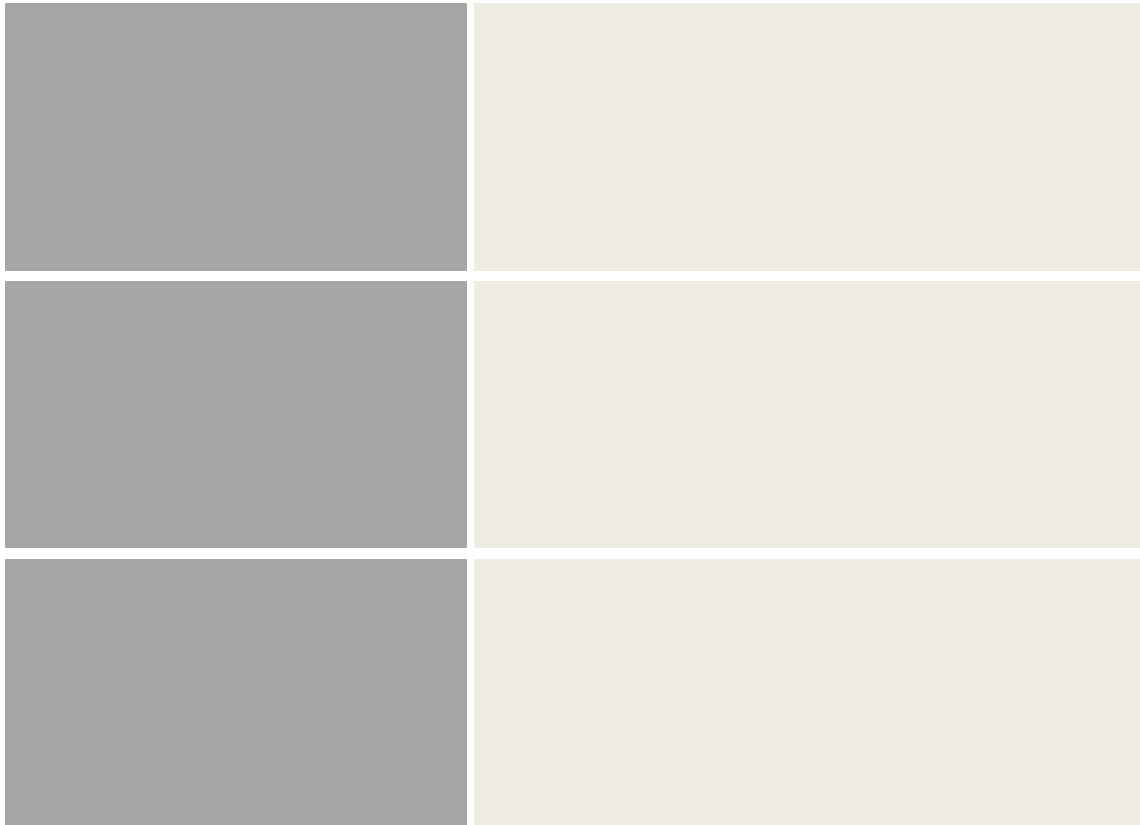
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Use of information

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?*

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

As evidenced by the situation in the King Country with The Lines Company, consumers have had no voice in the electricity sector. In the end it was up to the consumers, with no help or support from the EA or Comcom, to bring The Lines Company to the table via publicity targeting the company. This should never be the case – a consumer or groups of consumers, should have access to appropriate and supportive government or public organisations, without having to resort to the type of tactics that consumers in the TLC were forced to adopt to get their voices heard.

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

The campaign that needed to be waged by consumers in the King Country area over almost 10 years, shows clearly that consumers do not trust the sector – and with good reason.

Prices

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

The make up of recent price changes is still not clear – it does not include rebates, lines company distributions or aberrations such as those suffered by The Lines Company consumers

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

Electricity is used differently in other countries and it is not a fair comparison. For instance, in European countries gas is used for central heating almost predominately across all of Europe, whereas in NZ, we use electricity. In the USA air conditioning is a major power user. It is of little point to compare a country like NZ, who has almost completely renewable energy, to other countries who operate in different ways with different models.

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

Grim while the major companies hold the purse strings and distribution companies hold us all to ransom.

Affordability

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

I don't believe that this Review has had the time nor the resources available to make a full assessment of the situation. Why have we got such high residential prices when all our appliances are energy efficient? Why are we not able to use power without worrying about the cost, when the bulk is generated from renewable hydro power, long paid for by our fathers and their fathers before them? It is a cheap source of power, so why are we paying for ROI?

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

See above

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

This Review so far appears to have only scratched the surface. It does not show NZ solutions, with innovation and technology being the drivers.

Summary of feedback on Part three

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

Hard hitting questions and more in-depth analysis is needed perhaps now by people outside the industry? If you are in the industry and on the Review panel, where do your loyalties lie?

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?*

The generation sector has got some hard questions to answer which so far have not been put to them. Why are they charging so much for power in plants that are old and have been paid for long ago?

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

Competition has not delivered the required nor expected results. Is this still the best model? Some say not its not and we need a new model that understands the needs of the NZ population now.

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

There is no real incentive to introduce new technology when the current technology is delivering a very good bang for companies buck. Why change? Why should they change?

Retailing

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

They are currently fleecing their customers which is clearly demonstrated by their distributions to their trusts. Trusts are an outdated model that worked in the 20C and are not appropriate going forward. A new model needs to be looked at.

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

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?*

These monopoly companies which distribute however and whatever they like to their beneficiaries are part of the larger problem. The whole system needs to be overhauled and rethought as it is not working for anyone.

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

It is clear by what has been happening in the sector that current controls are not working – Aurora and The Lines Company. We need a fresh approach and a new look at how this sector functions. What we have does not serve the consumer and is essentially a failed model.

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?*

29 lines companies. Nothing else – it is a ridiculous number of companies for a country our size. Clearly the model was an after thought in the way it was structured and now needs to be revisited urgently.

Summary of feedback on Part four

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

29 Lines companies need to go. 4 would be the max. that NZ should have. It is urgent and essential for the growth of NZ.

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.*