



22 March 2019

Electricity Price Review
Ministry of Business, Innovation and Employment

By email: energymarkets@mbie.govt.nz

Dear Energy Markets Policy Team,

ChargeNet NZ Limited (ChargeNet) welcomes the opportunity to submit on the Electricity Price Review (EPR): phase two.

ChargeNet is the Southern Hemisphere's largest privately-held network of fast chargers for electric vehicles (EVs) with over 130 fast charging stations across New Zealand. ChargeNet is an Associate Member of the Electricity Retailers Association New Zealand (ERANZ). The ERANZ submission you will have received adequately reflects many of our views or, in the alternative, those views do not affect our core business and therefore do not necessitate further comment from us. This submission reflects the ChargeNet position on a small number of recommendations - either where we differ with ERANZ or ERANZ does not have a definite position.

D3: Gentailers to release information about the profitability of retailing companies

We support this recommendation.

We support introducing a requirement of financial reporting and disclosure requirements for the incumbent gentailers. It will be important to ensure robust rules for cost allocation and related party transfers (RTP) are put in place and to ensure that cost allocation is not used to mask profitability and / or cross-subsidies.

D5: Prohibit vertically integrated companies

We support this recommendation.

Our market currently allows for an integrated retail operation to be given preference over external independent retailers as they are insulated from market price risk – giving them an input cost advantage. No clear operational boundaries exist between the wholesale and retail operations of a vertically integrated business, and there is no monitored and / or enforced obligation of equal access to wholesale supply. This market preference could be improved through amendments to the Code and the regulatory environment.

E3: Regulate distribution cost principles

We support this recommendation.

We support a regulated adjustment to a more equitable cost allocation level between large commercial enterprises and consumers (residential customers and small-medium organisations). We reiterate the point made in our first submission, generally: rectifying the



level of cross-subsidisation that exists between rural and urban customers which results in an average distribution cost and does not truly reflect the cost of distribution. This significantly impacts on ChargeNet as a nation-wide organisation that must interact with nearly all of New Zealand's distributors and the various prices and pricing methodologies that exist.

E7: Strengthen the Commerce Commission's powers to regulate distributors' performance

We support this recommendation.

We support any recommendation that enables the Commerce Commission to have wider reaching powers to regulate distributors' performance.

End of submission

If we can be of any assistance, please do not hesitate to contact the author. We look forward to continuing the conversation with the panel.

Yours sincerely,

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