
Electricity Price Review Options Paper
Submission to the Electricity Price Review
Panel

Submitted by:

The Lines Company Limited

22 March 2019



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Executive Summary

The Lines Company Limited (TLC) thanks the Electricity Price Review (EPR) Panel for the opportunity to provide our feedback on the "OPTIONS PAPER for discussion".

The Lines Company's distribution area has a number of unique and challenging features: a small consumer base (24,000 connections, of which only 14,000 are residential); no large dense population centre (TLC is the only rural network in NZ with no large town/city); a large, remote rural terrain that imposes high network costs; a high proportion of holiday homes (15 per cent of all connections); and a large proportion of residents living in high-deprivation areas (up to 60 per cent).

To provide context, Wellington Electricity has a similar number of power poles (39,000) and lines (4,700 km) to TLC, but Wellington Electricity has seven times the population base and delivered six times more energy than TLC over 12 months.

TLC believes that our industry needs to focus more on consumers. We consider the key mechanisms to achieve this are to give consumers both a **voice** and a **choice** in how distribution services are priced and delivered. To achieve this, our industry needs to engage consumers more often and more meaningfully, to improve understanding of the electricity supply chain, and to enable consumers to manage their costs if they choose to do so.

TLC's recent engagement with consumers has indicated that while some are engaged, many are indifferent about their electricity supply. We believe that this may change rapidly with emerging technologies, smart appliances, and more pricing options for consumers. There is, therefore, an imperative for distributors, and all electricity participants, to actively involve consumers in the reform process.

The impact of changes recommended in the Options paper need to consider the impact on all consumers but in particular, those consumers who find it difficult to afford electricity.

Our industry also needs to consider how the interactions between participants can be optimised to enable reform. For example, more efficient distribution prices inherently rely on sound and timely information from both metering and consumer data sources, both of which are generally held or controlled by retailers. This can limit the visibility distributors have and constrain their ability to make informed planning and pricing decisions.

The Options paper concluded with a specific note related to TLC and the challenges both the organisation and our customers face. As outlined above, TLC's network is operationally challenging and energy affordability is a real issue for our customers. As well as the recent TLC initiatives that were highlighted in the Options paper the business has, for many years, charged well under our allowable regulated revenue and focused on managing our operating costs. As a business we continue to look at ways to improve our service to customers and the wider community, while ensuring that we add value to the owners of the business, the Waitomo Energy Customer Trust. While TLC continues to engage with our customers, we welcome any additional ideas through the Electricity Price Review - specifically those that can reduce energy hardship in our region.

Summary Table

EPR	TLC	
Key: Favour ■ Undecided ■ Do Not Favour ■		
A: STRENGTHENING THE CONSUMER VOICE		
A1	■	Establish a consumer advisory council
A2	■	Ensure regulators listen to consumers
B: REDUCING ENERGY HARDSHIP		
B1	■	Establish a cross-sector energy hardship group
B2	■	Define energy hardship
B3	■	Establish a network of community-level support services to help consumers in energy hardship
B4	■	Set up a fund to help households in energy hardship become more energy efficient
B5	■	Offer extra financial support for households in energy hardship
B6	■	Set mandatory minimum standards to protect vulnerable and medically dependent consumers
B7	■	Prohibit prompt payment discounts but allow reasonable late payment fees
B8	■	Explore bulk deals for social housing and/or Work and Income clients
C: INCREASING RETAIL COMPETITION		
C1	■	Make it easier for consumers to shop around
C2	■	Include information on power bills to help consumers switch retailer or resolve billing disputes
C3	■	Make it easier to access electricity usage data
C4	■	Make distributors offer retailers standard terms for network access
C5	■	Prohibit win-backs
C6	■	Help non-switching consumers find better deals
C7	■	Introduce retail price caps
D: REINFORCING WHOLESALE MARKET COMPETITION		
D1	■	Toughen rules on disclosing wholesale market information
D2	■	Introduce mandatory market-making obligations
D3	■	Make generator-retailers release information about the profitability of their retailing activities
D4	■	Monitor contract prices and generation costs more closely
D5	■	Prohibit vertically integrated companies
E: IMPROVING TRANSMISSION AND DISTRIBUTION		
E1	■	Issue a government policy statement on transmission pricing
E2	■	Issue a government policy statement on distribution pricing
E3	■	Regulate distribution cost allocation principles
E4	■	Limit price shocks from distribution price increases
E5	■	Phase out low fixed charge tariff regulations
E6	■	Ensure access to smart meter data on reasonable terms
E7	■	Strengthen the Commerce Commission's powers to regulate distributors' performance
E8	■	Require small distributors to amalgamate
E9	■	Lower Transpower and distributors' asset values and rates of return
F: IMPROVING THE REGULATORY SYSTEM		
F1	■	Give the Electricity Authority clearer, more flexible powers to regulate network access for distributed energy services
F2	■	Transfer the Electricity Authority's transmission and distribution-related regulatory functions to the Commerce Commission
F3	■	Give regulators environmental and fairness goals
F4	■	Allow Electricity Authority decisions to be appealed on their merits
F5	■	Update the Electricity Authority's compliance framework and strengthen its information-gathering powers
F6	■	Establish an electricity and gas regulator
G: PREPARING FOR A LOW-CARBON FUTURE		
G1	■	Set up a fund to encourage more innovation
G2	■	Examine security and resilience of electricity supply
G3	■	Encourage more co-ordination among agencies
G4	■	Improve the energy efficiency of new and existing buildings

A: Strengthening the Consumer Voice

A1 Establish a consumer advisory council

Yes, we favour this option; the EPR panel favour this option.

TLC is a strong advocate for promoting the interests of and ensuring consumers have a voice, particularly residential and small business. Our consumers and having consumer input into the development of our pricing have been vital.

It is sensible that the council would complement current consumer representation on existing advisory groups and consumer panels, but care must be taken to ensure that costs, the required funding and interaction of the council with other advisory groups are considered in an efficient manner. Ultimately, additional costs incurred by industry stakeholders will be borne by consumers.

Also, the council would require a well-informed mandate to ensure it is able to operate efficiently and independently – free from bias, personal or political.

A2 Ensure regulators listen to consumers

Yes, we favour this option; the EPR panel is undecided on this option.

This links to our views regarding the consumer advisory council (A1) and the opportunity for regulators to consult with consumers. We support a coordinated voice of the consumer through a consumer advisory council and that regulators should consult with this council.

Consumer engagement, and education and supply of information to consumers about the electricity and energy supply chain should be a primary focus for all stakeholders. We are of the view that, although consumers want information to be simple now, the situation will change rapidly with emerging technologies and innovation becoming prevalent. Consumers are making investment decisions on a daily basis, sometimes under misleading circumstances, but are not being informed of electricity pricing reform.

We believe that regulators, industry and government, should be more proactive, so that consumers have available the information that they require to make informed decisions.

B: Reducing Energy Hardship

B1 Establish a cross-sector energy hardship group

Yes, we favour this option; the EPR panel favours this option.

We agree that the causes of energy hardship extend beyond the electricity sector, making this a problem that the Government, regulators and industry must tackle together.

Considering solutions for energy hardship and poverty requires a multi-faceted, co-ordinated approach as the solution is not solely price driven. The key values of a cross-sector energy hardship group are efficiency and the scope of intervention (ability to bring some initiatives such as direct financial support, insulation, and education together).

There need to be targeted initiatives such as education, insulation programmes, quality housing stock, and support available for consumers to reduce their energy costs if they choose to do so. TLC and

others recognised a gap in our region, with many local community agencies, but a lack of co-ordination and no organisations that covered the King Country with a specific focus on energy efficiency. Accordingly, TLC helped establish Maru in 2018 (discussed further in B3) which is a not-for-profit charitable trust, and that is governed by the community. Maru works with local and national agencies to put in place practical energy-efficiency focused initiatives.

B2 Define energy hardship

Yes, we favour this option; the EPR panel favours this option.

We consider this option as a matter of immediate priority.

A definition and understanding of this term across the industry, and nationally, is important to be able to address issues consumers face, and to enable targeted initiatives and support. This would also enable industry participants to earlier identify and aid vulnerable consumers, and define and co-ordinate support where it is needed.

We believe that the supply of electricity, that supports consumer's health, well-being, and the ability to have a warm home, is a fundamental. A New Zealand definition, in our view, is crucial. This is because of the vast differences within New Zealand of affordability, particularly within regions such as Northland and the King Country.

A clearly defined understanding of energy hardship will also support consistency of approach, but the definition and understanding of the term needs to be at a householder/account level to be meaningful and not aggregated into areas or mesh block as census data is compiled.

B3 Establish a network of community-level support services to help consumers in energy hardship

Yes, we favour this option; the EPR panel favours this option.

Because of our direct relationship with our consumers, TLC's owner, the Waitomo Energy Services Community Trust, and TLC Board and Management recognised that some families struggle to heat their homes or put energy-saving measures in place. Maru is a not-for-profit charitable trust that TLC helped to establish in August 2018, and that is governed by the community. Maru works work with local and national agencies to put in place practical initiatives to help homes become warmer, drier, healthier, and ultimately use less energy. Currently, Maru is working with EECA to insulate at least 50 homes by the middle of 2019.

As Maru grows it is envisaged that its scope will increase to appraise homes for energy efficiency, help educate people on ways to keep homes warm, provide educational materials and practical tips, help with insulation, support community initiatives, like curtain banks, and help our community tap into funding sources.

B4 Set up a fund to help households in energy hardship become more energy efficient

Yes, we favour this option; the EPR panel favours this option.

We agree that this fund needs to be Government funded to address the issues expeditiously. To be effective, it needs community organisations to provide practical, on the ground support and requires appropriate levels of funding. However, any imposition of a levy on the industry to fund it would ultimately result in costs being borne by consumers – as this is a social initiative we believe that the costs shouldn't be borne by the industry.

B5 Offer extra financial support for households in energy hardship

Yes, we favour this option; the EPR panel favours this option.

We agree that it could be appropriate for the Government to provide extra financial support to help consumers. However, we believe that this needs to be targeted, e.g. the Winter Energy Payment is provided to beneficiaries in cash, and may not result in those funds being used for energy bills. Again, the definition of energy hardship is important and would drive this initiative.

B6 Set mandatory minimum standards to protect vulnerable and medically dependant consumers

Yes, we favour this option; the EPR panel favours this option.

This would clarify and solidify the Electricity Authority's voluntary guidelines on assisting vulnerable and medically dependent consumers, provide protection for consumers and hold the industry to the same standard.

B7 Prohibit prompt payment discounts but allow reasonable late payment fees

Yes, we favour this option; the EPR panel favours this option.

In light of industry discussion on prompt payment discounts, we are currently reviewing our prompt payment discount policy (currently a discount of 10% for timely payment). We support the consideration of prompt payment discounts being replaced by reasonable cost reflective late payment fees.

B8 Explore bulk deals for social housing and/or Work and Income clients

Yes, we favour this option; the EPR panel favours this option.

Although we believe that there are other mechanisms available to achieve a similar outcome, including consumer education, and encouraging of consumers to engage and switch retailers, we agree that investigating options for consumers is of value. We are cognisant, though, of an impact on retail competition.

C: Increasing Retail Competition

C1 Make it easier for consumers to shop around

Yes, we favour this option; the EPR panel favours this option.

Consumer education and encouraging consumers to engage is crucial. It will aid consumers in switching and help address energy hardship. If consumers are better educated and engaged, they will achieve significant savings, by choosing a retailer that fits their energy needs, and the appropriate pricing plan.

C2 Include information on power bills to help consumers switch retailer or resolve billing disputes

Yes, we favour this option; the EPR panel favours this option.

With an industry focus on consumer engagement and education of consumers, distribution pricing reform and new technologies, this is the time to be considering what is on the bill.

Our consumers told us that they want their bills to be simple and understandable, but we acknowledge it may have been our previous demand pricing methodology that made our bill difficult for our consumers.

Making bills ‘too busy’ may have a detrimental effect, too. This may result in confusion for consumers and reduced engagement. There is an increasing number of consumers that are having their bills delivered electronically, and paying by direct debit or automatic payment which can result in the bills not being read.

Having information available for consumers about dispute resolution and where consumers can seek advice and guidance is fundamental. The industry needs to think about the best ways to communicate with consumers to ensure they have the opportunity and knowledge to contact consumer advocates and agencies like Utilities Disputes, the Electricity Authority and the Commerce Commission.

There are other methods of communicating with consumers. This is especially so where there is community ownership of the consumers’ distributor. We are very active in our community, putting our people and consumers first. With the help of our Trust, we engage with our community regularly, provide sponsorship, put human faces to our work and communities, attend local community events, and support local community events. We are very proud of what we do in, and for, our community.

C3 Make it easier to access electricity usage data

Yes, we favour this option; the EPR panel favours this option.

Access to data and the availability of data is a continuing issue for the industry and consumers. It is important that this information is easily accessible while respecting privacy, and this would allow consumers to make informed decisions as well as industry participants that don’t have access to this information, such as many distributors.

Currently, we believe that retailers have the obligation to provide this information to consumers; Metering Equipment Providers (MEP) do not have the structures or resources to manage direct consumer interaction, and MEPs do not have a contractual relationship with consumers.

Going forward, we believe that consideration should be given to a central repository for electricity usage data that is easily accessible.

C4 Make distributors offer retailers standard terms for network access

No, we do not favour this option; the EPR panel favours this option.

We question whether standard terms are appropriate for all distributors, especially smaller distributors who may have or require more complex pricing structures to support local requirements. Additionally, are standard terms for network access applicable in the current climate where reform is progressing and in a period of innovative change with new technology becoming relevant quickly? Standard terms could inhibit uptake, innovation and slow the necessary reform.

TLC has a different relationship with our consumers and their retailers, and this would need to be considered if standard terms for network access are imposed.

C5 Prohibit win backs

Yes, we favour this option; the EPR panel favours this option.

To the extent that win-backs are anti-competitive, or may hinder competition and smaller retailers, we favour this option.

C6 Help non-switching consumers find better deals

We are undecided on this option; the EPR panel favours this option.

We have concerns that bulk deals may inhibit competition, and negatively impact small retailers.

The Options paper discusses a recent trial in Britain where the British electricity regulator contacted a “consumer partner” to negotiate a bulk deal on behalf of the trial group. The paper states that “only 0.1 percent opted out of the trial, demonstrating that very few consumers are not interested in better power prices”¹. We don’t believe that the driver for the trial results is encapsulated, necessarily, in the bulk deal – we suggest that these results may have resulted from advice provided to consumers on alternative offers and savings by phone, email and internet. This drives to the core of consumer engagement, having better-educated consumers, and this will facilitate switching and better deals.

C7 Introduce retail price caps

No, we do not favour this option; the EPR panel do not favour this option.

We do not believe that the introduction of retail price regulation to selective price plans or to different types of consumers is a progressive step that would support industry reform. If anything, we believe this may hinder reform. The LFC regulations are a good example of regulatory distortion in pricing that impedes reform.

A retail price cap may also inhibit small, innovative retailers as the larger retailers are better placed to withstand periods where actual costs, e.g. wholesale costs, exceed the retail cap for short periods.

What could be considered is requiring retailers to have pricing plans that are cost reflective with the promotion of transparency of distribution and transmission charges.

D: Reinforcing Wholesale Market Competition

D1 Toughen rules on disclosing wholesale market information

Yes, we favour this option; the EPR panel favours this option.

Disclosure of information is important and provides market information to interested participants so that an understanding of wholesale market information is available.

D2 Introduce mandatory market-making obligations

Yes, we favour this option; the EPR panel favours this option.

With the increased uncertainty about supply, we support this option to reduce the fragility of the wholesale contract market and provide for improved retail competition. It seems reasonable to us, too, that the level of obligation on market makers would be graduated based on a generator-retailer’s size and extent of vertical integration.

D3 Make generator-retailers release information about the profitability of their retailing activities

Yes, we favour this option; the EPR panel favours this option.

¹ EPR Options paper pages 16 and 17

It is standard for distributors to provide detailed information for interested parties. With increasing public interest in the electricity sector, it is logical that there should be increased transparency from generator-retailers. This could be achieved through the release of information about the profitability of their retailing and generation activities.

D4 Monitor contract prices and generation costs more closely

Yes, we favour this option; the EPR panel favours this option.

At this time of heightened interest in the electricity industry, discussions about affordability, emerging technologies, and an increasing need to engage consumers and to strengthen confidence, greater transparency is required across the industry. We support the Electricity Authority periodically comparing wholesale contract prices with new-generation costs for evidence of any excessive profits by generators.

D5 Prohibit vertically integrated companies

We do not favour this option; the EPR panel do not favour this option.

We agree that vertical integration makes risk management more efficient and that this benefit would be lost if generator-retailers were forced to split, and forced separation would negatively disrupt many businesses and the market.

Such actions could have wide implications and knock-on effects in that this action could hinder innovation and the ability for other industry participants to diversify and be vertically integrated. To support reform and innovation, businesses and industry participants need the options of diversification, synergies, e.g. metering and being able to lower costs and increase risk management efficiencies within the supply chain.

Also, small, niche retailers are only able to get economies of scale through vertical integration.

E: Improving Transmission and Distribution

E1 issue a government policy statement on transmission pricing

Yes, we favour this option; the EPR panel favours this option.

We agree that the transmission pricing debate has been difficult and contentious, and has already consumed many resources. TLC is concerned with fairness and affordability should the proposed transmission pricing methodology (under development) be implemented.

We also agree with Transpower, in that the proposed new pricing method could lower incentives to reduce grid use at peak times as documented in their paper *The role of peak pricing in transmission*.

We agree, too, that a government policy statement would be an effective way for the Government to express its policy objectives, and ensure consumers in the King Country are considered.

There will be significant investment over the coming years, and investors need certainty. Hence the TPM needs to be clearly defined and set.

E2 Issue a government policy statement on distribution pricing

Yes, we favour this option; the EPR panel favours this option.

There is significant investment in New Zealand's transmission and distribution networks. Investors, including consumer and community Trusts, require a degree of certainty and security around future income paths. The issuing of a government policy statement may help in achieving a level of certainty and security for investors.

With distribution pricing reform likely to more accurately reflect costs, any distribution government policy statement needs to consider the risk of price shock to households in energy hardship, and other consumers.

TLC has recently been through a process of pricing reform driven by consumer feedback. Our own experience was that, although the imperative for change implied urgency, we found that significant consideration needed to be given to the impact on consumers, and the transition options available.

Our change process required trialling, engagement with consumers, extensive consultation and consideration of consumer responses. Consumer engagement and consultation cannot be compromised for urgency.

The process was complex, impacted systems and technology, and required extensive engagement, not only with consumers but also other industry participants. This included metering equipment providers (MEPs), retailers, and regulators. Working through this process took time, and needed to be planned carefully. Extensive analysis was required to understand the possible impact on consumers, particularly about affordability.

E3 Regulate distribution cost allocation principles

No, we do not favour this option; the EPR panel is undecided on this option.

TLC supports principle-based regulation rather than prescriptive requirements. This enables distributors to be flexible with pricing to reflect the unique aspects to distributor's networks, i.e. a one-size fits all approach is not appropriate. Consideration needs to be given to affordability and fairness of cost allocation principles and the ability of distributors and the industry to engage consumers.

E4 Limit price shocks from distribution price increases

No, we do not favour this option; the EPR panel is undecided on this option.

We agree that consideration of impacts upon consumers is crucial, as discussed in E2.

It is important to acknowledge that there is a distinction between price shocks caused by a change in pricing methodology, i.e. distributor driven and price shocks caused by consumer behaviour. The former is a distributor concern, and should be obliged to manage; the latter requires consumer engagement, education and energy management and efficiency resources.

Pricing needs to signal to consumers the cost of supply, with the goal of deferring capital investment where appropriate. For pricing reform, it is important that there is a transition and appropriate policies in place to assist households in energy hardship and other consumers. With TLC's pricing change from October 2018, we implemented a comprehensive transition policy to help our consumers adjust.

E5 Phase out low fixed charge tariff regulations

Yes, we favour this option; the EPR panel favours this option.

It is comprehensively acknowledged that the LFC regulations are not fit-for-purpose, and TLC believes that they require immediate consideration, both industry-wide and politically.

It is appreciated that the Electricity Authority released the LFC guidelines dated 9 August 2016, “Variable charges under the low fixed charge Regulations”, but distributors remain hesitant and cautious with pricing reform as they relate to the regulations. TLC believes that this caution is well founded and, in part, inevitably relates to the investigation TLC went through in 2014. This investigation was resource hungry, and expensive for TLC and our consumers.

E6 Ensure access to smart meter data on reasonable terms

Yes, we favour this option; the EPR panel favours this option.

The industry needs to consider how the interactions between participants can be optimised to enable reform. For example, more efficient distribution prices inherently rely on sound and timely information from both metering and consumer data sources, both of which are generally held and controlled by retailers. This can limit the visibility distributors have and constrain their ability to make informed planning and pricing decisions.

MEP’s are no longer just asset owners; they need to turn their thinking to being data providers as data is the key to understanding consumers and their behaviour. However, we believe that retailers have the obligation to provide this information to consumers; Metering Equipment Providers (MEP) do not have the structures or resources to manage direct consumer interaction, and MEPs do not have a contractual relationship with consumers.

Going forward, we believe that consideration should be given to a central repository for electricity usage data that is easily accessible.

As part of our new pricing, we have completed a rollout of smart (advanced) meters which are required to support our new pricing and billing. Also, it is planned to use the data to support better-informed asset management decisions.

E7 Strengthen the Commerce Commission’s powers to regulate distributors’ performance

No, we do not favour this option; the EPR panel favours this option.

We believe that the Commission’s current powers to regulate provide sufficient incentives for distributors to improve efficiency and manage the performance of their networks and systems. That is particularly so with smaller distributors, such as TLC, where the current maximum level of penalties would have a significant, detrimental impact on the business, our consumers and the Trust.

E8 Require small distributors to amalgamate

No, we do not favour this option; EPR panel do not favour this option.

We agree with the panel that legislatively imposed amalgamations would be heavy-handed. It would prove to be difficult, costly and complex to combine distributors, and particularly those owned by community-owned trusts, and would erode value for shareholders if divestment was forced

E9 Lower Transpower and distributors’ asset values and rates of return

No, we do not favour this option; EPR panel do not favour this option.

This would, potentially, strip value from local beneficiaries, mum and dad shareholders, and erode value and distributions, particularly in areas of deprivation and energy hardship. Reduced asset values would affect the ability of distributors to borrow and increase borrowing costs. The ability to have borrowing capacity impacts costs (through lower rates), hence affects the ability to reinvest in the network. Collaboration between distributors is also achieving similar scale benefits.

F: Improving the Regulatory System

F1 Give the Electricity Authority clearer, more flexible powers to regulate network access for distributed energy services

No, we do not favour this option; the EPR panel favours this option.

We do not believe that the evidence to support this option has been articulated, and we believe that the legal challenge concerning the uncertainty about the scope of the Electricity Authority's powers was fair and reasonable. We are of the view that the structure of the industry should be a government function, and not sit with a regulator.

Distributors understand the constraints of their respective networks and are actively considering innovative alternatives for investment to cater for and incorporate emerging technologies. Many distributors invest for the good of their communities because consumers can be beneficiaries/owners where the 'market' may not see investment attractive.

F2 Transfer the Electricity Authority's transmission and distribution-related regulatory functions to the Commerce Commission

Yes, we favour this option; the EPR panel do not favour this option.

We believe that there is confusion for distributors in the regulatory functions of the Electricity Authority and the Commerce Commission. Having dual regulators with somewhat coinciding functions can lead to inconsistencies in approaches and duplication of information. If the functions did sit with one regulatory body, this would be a more efficient approach. For example, issues of overlap and ambiguity include network procurement, competitiveness of adjacent markets, and access to distribution networks.

We believe that a rearrangement would clarify the roles of the two regulators, and provide an increased level of certainty for distributors during this period of reform.

F3 Give regulators environmental and fairness goals

No, we do not favour this option; the EPR panel do not favour this option.

TLC agrees with the panel, in that requiring environmental and fairness goals for regulators would be time-consuming, complex and the benefits are unclear, and are better addressed in a government policy statement.

TLC does support adding specific consumer protections into the Electricity Authority's objectives, specifically around vulnerable consumers.

F4 Allow Electricity Authority decisions to be appealed on their merits

Yes, we favour this option; the EPR panel do not favour this option.

We believe that there should be the right of appeal, as this would remain consistent with other regulatory framework, e.g. the right to appeal certain decisions of the Commerce Commission.

F5 Update the Electricity Authority's compliance framework and strengthen its information-gathering powers

Yes, we favour this option; the EPR panel favour this option.

We support this option, allowing an update of the compliance framework, and providing the Minister an avenue to undertake reviews or studies relating to the industry.

In terms of invoking this power, we recommend that it be used sparingly, as information gathering can require additional resource and additional costs which will be borne by consumers.

F6 Establish an electricity and gas regulator

No, we do not favour this option; the EPR panel is undecided on this option.

We do not believe that this is necessary at present as the current framework is not broken, and additional cost will be incurred.

G: Preparing for a Low-Carbon Future

G1 Set up a fund to encourage more innovation

Yes, we favour this option; the EPR panel is undecided on this option.

We would support the establishment of a contestable fund which would allow smaller distributors to invest in innovation, which might not happen otherwise, as they are not able to sustain the level of risk required on their own.

Consideration would need to be given as to how this would be funded.

G2 Examine security and resilience of electricity supply

Yes, we favour this option; the EPR panel favour this option.

We support the option if it helps improve investment in infrastructure to support resilience, reliability and security of the electricity supply.

G3 Encourage more co-ordination among agencies

Yes, we favour this option; the EPR panel favour this option.

We agree that the challenges in the areas including greenhouse gas emissions, energy efficiency, energy hardship, health and safety, disaster resilience and resource management have links well beyond the electricity sector. Solutions will require more “joined up” thinking, clearer communication and more co-ordinated action among a range of agencies, not solely energy regulators and other energy industry participants.

We believe that engaging and educating consumers should be a primary focus for the energy industry, and to achieve this, will require co-ordination.

G4 Improve the energy efficiency of new and existing buildings

Yes, we favour this option; the EPR panel favour this option.

We believe this should be a priority for New Zealand, particularly for residential buildings in areas of high deprivation and energy hardship. We discussed the details of this option, at length, in B.

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Date: 22 March 2019

A handwritten signature in blue ink, appearing to read 'Sean Horgan', is positioned above the printed name and title.

Sean Horgan

Chief Executive

The Lines Company Limited