

25 October 2016

Keston Ruxton  
Manager, Input Methodologies Review  
Regulation Branch

By email: [im.review@comcom.govt.nz](mailto:im.review@comcom.govt.nz)

Dear Keston,

## **Input Methodologies Review – cross submission on updated draft decision on cost allocation**

Thank you for the opportunity to make a cross-submission on the updated draft decision on cost allocation within the Input Methodology review (**IM Review**) process. We appreciate the Commerce Commission's (**Commission**) thorough consideration of the cost allocation issue.

A number of issues have been raised in stakeholders' submissions. However, on review we can find nothing that evidences benefits to regulated consumers from retaining ACAM, and we remain concerned that arguments are being made without consideration of the optimal outcome for regulated consumers. Our submission on the IM Review draft decisions papers<sup>1</sup> included clear evidence that ACAM is producing poor outcomes for consumers, and we commend the Commission for acting to improve the IMs.

Rather than repeating previous submissions, we have added references below to our earlier material. We would be happy to discuss this further if helpful:

- Evidence ACAM is producing sub-optimal outcomes for consumers (see pages 12-14 of the aforementioned submission).
- Problems with waiting for market failure before acting (see pages 3 and 11 of the aforementioned submission)

Whilst we commend the Commission's proposed amendments to the cost allocation IM, we maintain that a broader review is required to assess whether network utilisation of energy storage, load control and other emerging technologies could be provided by competitive markets rather than regulated monopoly infrastructure. We believe the formation of competitive markets for such services will foster innovation and result in optimal outcomes for consumers. We encourage the Commission to support such a review.

Yours sincerely,



Simon Healy  
**GM Commodity Risk and Strategy**

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<sup>1</sup> <http://www.comcom.govt.nz/dmsdocument/14524>