

Further submission to the Commerce Commission in the matter of the Aurora CPP

9th December 2020

1. Electricity is an essential good for the people of New Zealand. It should not be subject to the normal whims of a board of directors which may – and in the case of Aurora, indeed have – extracted monies for purposes other than for the provision of a safe and reliable transmission network.
2. A monopoly has within it financial powers which are not normally permitted in a free-market economy. As such central government has set up a special authority to regulate monopolies in the form of the Commerce Commission. Unfortunately, in the instance of Aurora this system has demonstrably failed.
3. Levying a fine on a company which is technically bankrupt is a heavy handed and essentially futile punitive action to take when a monopoly fails to deliver a safe and reliable service. Where is the money supposed to come from except from the customers of the company? In spite of the stated intent that the fine should not be derived from income, Aurora has no other options but to pay this fine from income collected from customers.
4. All monies collected from customers must be ring fenced for use solely for maintenance and upgrade purposes on the network.
5. The Commerce Commission should specifically state that the prime responsibility of the lines company should be the provision of a safe and reliable service.
6. Thought should be given to making the company directors responsible for paying the fine. These directors were responsible for the policy whereby Aurora was bled dry and as such they should face the consequences of their actions.
7. At the stakeholder's meeting in Alexandra, after extensive repetitions of questions on the matter of regional pricing, the Commerce Commission ultimately conceded that it does have the authority to regulate regional pricing. Given that the Central Otago and Wanaka regions are being asked to pay a higher rate than Dunedin, despite having received no benefit from the Dunedin City Council's extraction on monies from Aurora, it is imperative that regional pricing be disallowed. This matter is thrown into even starker relief when it is apparent that the lower contributions being planned for Queenstown are as a result of competition from a rival network.
8. A safe and reliable network is the bottom line for an electrical lines company. The observation by Aurora that people are reluctant to pay more for a more reliable network is specious: it should be a given that this is not a target which can be moveable according to how much consumers are charged.
9. Electricity retailers should be required to clearly state the origin of costs – particularly those transmission costs, where Transpower and lines company costs must be separated and shown on invoices.
10. With regard to safety and reliability Aurora should be required to fund a competent, qualified and rewarded watchdog group which would have the responsibility of making sure that a safe and reliable network is put in place and maintained by Aurora. This is necessary as a result of the failure to adequately regulate Aurora by the Commerce Commission.
11. A concerning viewpoint held by many is that there appears to be an unhealthily cosy relationship between Aurora and the Commerce Commission; it looks as if the Commerce Commission is sympathetic to the aims of Aurora and is doing all it can to get the CPP across the line.

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