

25 October 2016

Keston Ruxton
Manager, Input Methodologies
Regulation Branch
Commerce Commission

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Dear Keston,

Cross-Submission - Input Methodologies Review Updated draft decision on cost allocation for electricity distribution and gas pipeline businesses

Genesis Energy Limited welcomes the opportunity to provide a further submission to the Commerce Commission (“the Commission”) on the Input Methodology Review and, in this case, specifically a cross-submission on the “Updated draft decision on cost allocation for electricity distribution and gas pipeline businesses” dated 22 September 2016 (“the Draft Decision”).

We continue to agree with the Commission’s Draft Decision to remove the Avoidable Cost Allocation Methodology (“ACAM”). We have read and fully support the Electricity Retailers’ Association of New Zealand’s (“ERANZ”) cross-submission on the Draft Decision. We agree that the cost for electricity distribution businesses (“EDBs”) changing from ACAM to another cost allocation methodology will be far outweighed by the benefits of efficiency gains and the sharing of those gains with consumers of regulated services. We are of the view that prices to consumers of the regulated services are likely to, overall, be lower as a result of removing ACAM.

At the conclusion of the Commission’s Input Methodology Review (“the Review”), we would suggest that the Commission should consider how the Information Disclosure Requirements could be changed to ensure fair, reasonable and non-discriminatory access to data held by EDBs, for all market participants. As we noted in our earlier submission dated 13 October 2016, this Input Methodology Review lays the foundations for future competition in an emerging energy environment. To ensure future competition is allowed to flourish, access to information held by EDBs regarding their network and its management must be fair, reasonable and non-discriminatory.

Further, there must not be unreasonable terms of access to a distribution network, for example, for distributed generation or batteries. A new framework is needed to ensure non-discriminatory access to both the network itself and information relating to that network to allow for the provision of new and innovative services.

If you would like to discuss any of these matters further, please contact me on 04 495 3348.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Rebekah Cain', with a long horizontal flourish extending to the right.

Rebekah Cain
Acting Regulatory Affairs Manager