
From: [REDACTED]
Sent: 27/08/2020 8:33:59 p.m.
To: Feedback Aurora Plan [feedbackauroraplan@comcom.govt.nz]
Subject: Feedback Aurora Pricing

Dear Commerce Commission,

I am writing to provide feedback in regards to the planned pricing policy changes for Aurora customers.

There is no doubt you will have received many submissions addressing the excess dividends that have been distributed by Aurora as a result of underinvestment in infrastructure - so I will not dwell in the past.

I will concentrate on the pricing policy itself and the fact that it is not fit for purpose and creates unnecessary undue complexity and large inequalities

Like many state owned enterprises Aurora operates in a quasi commercial setting where it attempts to apply market principles to its operations, but does so in a convoluted ideological fashion that results in poor outcomes for the enterprise and its customers.

The geographical costing model that Aurora operates is seriously flawed as it tries unsuccessfully to ensure that there is no transfer of wealth between customers.

Normal commercial enterprises do not geographically cost out their services. Mobile phone companies, internet providers and land line retailers all charge their customers around the country the same rates for their services, despite the economies of scale that are evidenced in certain areas.

Of course some businesses charge different rates for their goods and services, but as a rule that is due to the distance the consumer is from the point of production or supply

Not so for Aurora.

A home a few hundred meters from the Clyde Dam is currently subsidising infrastructure in all other areas on the Clutha area, not to mention Dunedin.

If Aurora cannot equitably charge each customer for their individual share of Infrastructure based on their distance from a generation point it should not arbitrarily split the network into geographical regions that provide only a poor semblance of equity.

This inequality is exacerbated in areas that have lacked historical maintenance, resulting in small populations footing larger increases due to a lack of scale. This is a bitter pill when these areas often have paid more than their big city cousins, despite their proximity to generation sources.

I would ask Aurora and the Commerce Commission to overhaul the geographic pricing model and switch to a broader costing model that encompasses all infrastructure and all customers to generate a streamlined and consistent line charge.

By doing so, the risk of Aurora repeated prior mistakes will be much reduced as they prioritise correctly funding all of their infrastructure rather than trying to "correctly" charge customers using an ideologically flawed policy.

If you have any questions in relation to the above, please do not hesitate to contact me.

Warmest regards



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