

10 July 2020

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By email: [Dane.Gunnell@comcom.govt.nz](mailto:Dane.Gunnell@comcom.govt.nz)

Dear Dane

### **Feedback on processes for resetting price-quality paths**

The Lines Company Limited (TLC) thanks the Commerce Commission (the Commission) for the opportunity to provide feedback on the processes for resetting the default price-quality paths for non-exempt electricity distributors from 1 April 2020 (DPP3).

#### **Background**

In November 2019, the Commission published the final decisions on DPP3 set to apply to non-exempt electricity distributors from 1 April 2020. The Commission's decisions included the direct resetting of the price-quality paths, as well as some associated amendments to the input methodologies (IMs).

The Commission has said it understands that the process to get to these decisions has been time-consuming for stakeholders and the Commission greatly appreciate the input received throughout the process, and the engagement from a broader than usual group of stakeholders.

#### **Introduction**

TLC acknowledges the Commission's effort with the ongoing improvements in regulatory processes and improvements to the regulation itself. The longer consultation timeframes were appreciated with other processes also requiring attention. The process was resource intensive and smaller distributors potentially require an amendment to some of the processes to assist in providing meaningful contributions going forward. Also, it was unfortunate that other resource intensive processes coincided with the reset process e.g. TPM, EPR.

TLC discusses a few of our concerns which we detail in this letter.

#### **Issues identified for consideration**

- *Charts for media*  
TLC was disappointed with the way in which the Commission chose to engage with media and to comment on the bill impacts on individual consumers. This action causes concern and creates

confusion for consumers, with media approaching distributors for comment and publishing what may not be true impacts for individual consumers.

TLC would suggest, going forward, that communication of this nature did not occur, or at least without an embargoed copy of any media release talking about a distributors' consumers being released prior to publication to allow distributors to comment and prepare for media and consumer interest.

TLC would be open to discussing this matter with the Commission, if the Commission wishes.

- *At times, the process seemed rushed*

TLC felt that the process felt rushed at some points. For example, the Operating lease consultation was late in the process.

Clearly, however, there were unexpected issues which arose that did not aid the process e.g. the industry wide SAIFI issue and the discount error correction. TLC acknowledges the Commission's response to both issues, however, in that the Commission took a pragmatic view on the SAIFI matter and acted promptly regarding the discount error correction.

- *At times, the process seemed overly complicated*

For smaller distributors, having a thorough understanding of all the issues to provide meaningful feedback can be difficult because of resourcing requirements. TLC would like to see the Commission have more workshops and potentially create mock, example distributors within the suite of models demonstrating different scenarios.

### **Positives from the process**

TLC acknowledges that the Commission considered the process in detail with a view of assisting stakeholders to understand and contribute to the process. TLC felt that the Commission was professional and approachable throughout the process in assisting in TLC's understanding of some of the complex material. This was appreciated.

Of note, the workshops were valuable, as were the early versions of the models.

### **Summary**

TLC was disappointed with the direct media communication on consumer bill impacts. Notwithstanding that, TLC has learnt a lot through this process and acknowledges the Commission's work and the efforts in improving regulatory processes, generally.

Yours sincerely



Craig G. Donaldson  
**Pricing Manager**