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Cross-submission

# **Transpower's individual price-quality path for the next regulatory control period**

13 March 2024



## 1 Introduction

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- 1.1 Aurora Energy welcomes the opportunity to cross-submit on the Commerce Commission's (Commission) Transpower's 2025 Individual Price-Quality Path (IPP) for the next regulatory control period – Issues Paper.
- 1.2 No part of our cross-submission is confidential.

## 2 General Comments

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- 2.1 Having reviewed the submissions received by the Commission on the Issues Paper, our cross-submission is focussed on the need to communicate the reasons for increased prices to end consumers.

## 3 Increase in Revenue

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- 3.1 Aurora Energy agrees with a number of submitters that there is a substantial increase in revenue projected for RCP4, climbing from \$4,043 million to \$5,896 million. We recognize the potential impact this increase could have on consumers, especially during a period of heightened cost of living concerns. Understanding the underlying factors driving these regulated revenue increments — including the cost of capital, inflation, and aging infrastructure — we acknowledge that many of these costs are inherent within the current regulatory framework. We also recognize the potential for greater costs to consumers in the future if network investment is not adequately supported now.
- 3.2 Therefore, we strongly encourage the Commission to prioritise educational initiatives designed to empower consumers with comprehensive knowledge about energy regulation and infrastructure investment. The Commission needs to help consumers understand why investing in energy infrastructure is important for the future of electrification and reaching New Zealand's decarbonisation goals. It can be done by sharing information in simple ways and reaching out to consumers.
- 3.3 It's also important for the Commission to clarify to consumers that a significant portion of the increase in their power bill for year 2025 will stem from Transpower, the national grid operator, rather than solely from Electricity Distribution Businesses (EDBs) like Aurora Energy. This distinction is essential for consumers to understand, so that EDBs are not left to communicate and justify price increases that are outside of their control.