

To: Commerce Commission New Zealand

(by email: regulation.branch@comcom.govt.nz)

Subject: EDB Targeted ID Review Submission

To whom it may concern,

There are a number of points under the three main topics (Quality, Decarbonisation, and Asset Management) which we would like to make representations to for consideration as part of the Targeted Information Disclosure Review for Electricity Distribution Businesses.

1. Quality of Service

1.1. Timelines – The timely deployment of services is critical for economic and commercial reasons. We have experienced a large variance in quality and long lengths of time for new ICP installations, meaning assets simply sit there waiting with no way to move forward. We have a documented case where it has taken 6 months for a new connection to be completed, despite all requested information provided and fees being paid instantly. We believe this is unsatisfactory when there are no alternatives for consumers.

We believe that a range of information (such as minimum, maximum, and average time for new connections (ICPs), categorised based on location and end consumer) should be disclosed to ensure fairness across all consumers and that there is no preferential treatment at play. We would also encourage regulation – including rules or KPI targets that must be met - to ensure reasonable timelines are achieved.

In an ideal scenario, the cost and timeline of every new ICP should be easily publicly available or requestable (via an online portal for example).

1.2. Price – Although pricing for reoccurring services (electricity supply lines charges and similar) are typically disclosed, it appears that the cost of new installations and connections are largely overlooked. Because the final costs of each new connection (ICP) vary based on complexity and are not published, it is difficult to understand the methodologies and/or scrutinize the results. We have experienced a large variance in the prices to conduct new installations of ICPs for very similar installations. This appears to be somewhat related to remaining capacity of existing infrastructure and the lack of forward planning for future expansion and growth, and it does not seem fair to push large costs onto the next customer needing a connection just because existing infrastructure is not adequate. There also seems to be a large variance in expense due to labour and services required for installation. We believe a range of information relating to pricing structures and real price data should be disclosed to ensure consumers are treated equally and to better understand how these costs are determined.

In an ideal scenario, the cost and timeline of every new ICP should be easily accessible and publicly available or requestable.

1.3. Infrastructure forward planning - There seems to be a general under-preparedness for an inevitable increase in electricity usage, particular in existing areas that are now experiencing a higher use. A great example is the increase in electricity used for electric vehicle charging at existing commercial or residential locations. Current annual reports from

the EDBs that are provided are vague on how this will be resolved. Related to point 2 above, the cost to upgrade infrastructure seems to be passed on to the next customer to require it, rather than a proactive approach to prepare for the future. We believe EDB plans on how to upgrade existing infrastructure should be disclosed with increased detail, together with forecasts on future electricity use, rather than what appears to be a reactive approach.

- 1.4. Visibility of infrastructure capacity** – Related to point 3 above, although there is a requirement to report on current substation capacities, there seems to be no clear way to understand the existing network infrastructure capacity of a particular end location (i.e. transformer location based). This means that until a detailed investigation by an EDB (which costs time, resources and money from the customer) takes place there is no way to determine the feasibility of a potential development where it relies on the need for a new connection (ICP). We believe existing capacities of infrastructure in more detail (location, or transformer based in real time) should be disclosed so that consumers can better make their own educated decision on feasibility for a particular site, project, or development.

2. Decarbonisation

To accelerate decarbonisation, electricity should be readily available, fairly priced or competitive, and it should be renewable wherever possible.

- 2.1. Quality of service** - As per points 1.1, 1.2, 1.3, 1.4 above, quality of service is a very important factor in decarbonisation, and we believe various information should be disclosed as stated in these points above.
- 2.2. Renewable electricity** – Renewable electricity should be incentivised. Apart from traditional ageing ripple control technologies, there is very little ability to regulate electricity usage, and/or incentivise electricity usage when renewable energy is in abundance. We believe EDBs should disclose and commit to plans to improve this, working with large users and emerging technologies to develop new systems to manage these current, and especially future needs. Such upgrade projects must be prioritised over and above non-core initiatives (mentioned in point 3.2 below).
- 2.3. EV charging initiatives** - EDBs have increasingly become involved in electric vehicle (EV) charging initiatives, namely installation of electric vehicle charger infrastructure. Whilst on face value this supports decarbonisation, the reality is that when not properly considered, some of these initiatives may lead to short term and long term bad EV charging habits, due to the reasons stated below:
- a) EDBs often offer electric vehicle charging for free. This discourages the use of electricity at times where it is cheap (and/or renewable). This also drives a higher utilisation of those assets and can result in long waiting times for the use of chargers, especially by people who need to use them (as opposed to opportunistic charging by people that are looking to save money). This itself discourages the adoption of EV use. We believe the usage statistics of these EV charging assets should be disclosed and easily accessible.

b) EDB owned EV chargers appear to be quite often out of service. This also discourages EV adoption. For example, the UK government are implementing rigorous new legal obligations on ChargePoint operators requiring them to have minimum reliability of 99% (Taking charge: the electric vehicle infrastructure strategy, UK Government, 25 March 2022). We believe the uptime of these EV charging assets should be disclosed and easily accessible.

c) Finally (covered in more detail below), due to their core business of installation of new connections and electricity infrastructure; we believe EDB involvement in these electric vehicle initiatives can detriment decarbonisation due to the EDB's advantage over competing (non-EDB) companies. We would like more information to be disclosed on the long-term plan for this infrastructure and how these assets (and the electricity) are funded (concerns covered in more detail in section 3.2 below).

3. Asset Management

Under asset management we have broken down our views into two main areas. Core distribution assets and non-core distribution assets (in this case, non-core distribution assets are focused mostly on EV charging infrastructure).

3.1. Core distribution assets – As stated in points 1.3 and 1.4 above, we believe there is general infrastructure under preparedness for an inevitable increase in electricity usage. With assets that are often running at capacity. We would request that the EDBs disclose both their plans to upgrade existing infrastructure, and clear information about the current state of capacities, and predicted future demand, at all locations within their network (relevant to specific end user locations, rather than a general overview across substations).

3.2. Non-core distribution assets (in particular, electric vehicle charging infrastructure) – There seems to be an increasing trend for EDBs to be involved in initiatives that are outside of their core responsibilities in electricity distribution (which for the purposes of this submission we class as providing infrastructure and new connections). Although many EDBs engage in such business through either a subsidiary or a partnership, it is easy to see how these initiatives could unfairly disadvantage competing businesses. We believe much greater transparency is required in these areas, for example how the internal separation of core and non-core activities (where there may be a conflict of interest) is handled, and more detail regarding the themes of EDBs building up a non-core-oriented subsidiary of their business to later sell off as a profit. In particular;

a) Expanding on point 2.3 above, offering free electric charging is an example of this. When free EV charging is offered there is no incentive for competing companies to install additional infrastructure, and provide new charging opportunities (which would encourage EV adoption), or drive innovation in this space. Equally, an EDB's ability to potentially prioritise their own initiatives' new connections and installations could also put competing companies at an unfair disadvantage. A requirement to publicly disclose the cost and timelines of all new connections (ICPs), that is easily accessible, as mentioned in point 1.1 and 1.2 would hopefully resolve this potential issue.

b) Finally, we would like more information on:

- How these “non-core” assets are funded;

- Whether this funding comes from current or historical EDB core business activities (the concern being that this is taking money away from core responsibilities);
- What the long-term plans are for such assets; and
- What the sale profit (or “end game”) of these initiatives is expected to be.

We would also encourage much stronger regulation on EDBs ability to be involved in these, and other “non-core distribution” activities, as we believe priority focus should be placed on their core distribution activities.

In conclusion, to ensure that the best service is provided and that the needs of future New Zealand are met (particularly in the area of decarbonisation), there are a number of areas where we would encourage further information disclosure from EDBs. Should any further information or discussion be required on any of the points above, we are more than happy to be contacted.

Kind Regards,

Lawrence Muijlwijk
Ron Smits
Stephanie O’Callaghan