

12 February 2021

Adrienne Meikle
Chief Executive Officer
Commerce Commission
PO Box 2351
WELLINGTON 6140

Via email: regulation@comcom.govt.nz

Dear Adrienne,

Review of the Commerce Commission's funding for the regulation of electricity and gas networks under Part 4 of the Commerce Act 1986

The Electricity Retailers' Association of New Zealand ('ERANZ') welcomes the opportunity to provide feedback on the Commerce Commission's 10 December 2020 Telecommunications, Energy and Input Methodologies funding review consultations.

Established in 2015, ERANZ represents companies that sell electricity to New Zealand customers and businesses. Our role is to promote and enhance a sustainable and competitive retail electricity market that delivers value to New Zealand electricity customers.

Overall, ERANZ supports the objective of the funding review of the Commission's Part 4 regulatory functions and the associated input methodologies review. ERANZ is a champion of keeping electricity prices low for consumers so they can enjoy the benefits electricity can bring such as a warmer, dryer home. We acknowledge the Commission's preferred option for the energy levy and, while this will increase costs for consumers, we consider the benefits of a well-regulated to sector to justify this increase.

ERANZ particularly supports the additional outputs the Commission will be able to deliver with a higher energy levy. Our members look forward to the Commission, as stated in the consultation document, "increasing the level of effort and attention we commit to performance monitoring and reporting - this work will have a renewed emphasis on monitoring of the risks to network reliability and resilience", and to "proactively monitoring compliance with, and enforcing, the rules we put in place in a timely way to minimise harm to consumers."

We note the Commission states there has been no levy review for work under Part 4 since 2013. Our expectations of what the Commission should deliver has certainly progressed in the last eight years, and the Commission ought to be funded accordingly.

ERANZ supports the principle of greater data collection and publication of regulated entities' performance to provide better transparency in the sector. Furthermore, the Commission should ensure adequate

operating standards for electricity distribution networks are adhered to given distributors have recently removed many measuring and reporting obligations from their new default distributor agreements ('DDAs') administered by the Electricity Authority. In our view, there is a risk that distributors' operating performance falls between the Authority and the Commission and is not overseen by either regulator. Customers do not have a choice about their distributor, so only the regulator is able to advocate on their behalf. ERANZ submits that this should be a focus for the Commission using its additional resources.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'C Burrows', with a long horizontal flourish extending to the right.

Cameron Burrows
Chief Executive