

Subject: Default price-quality paths for electricity distribution businesses (Draft decision) - Callaghan Innovation submission

To whom it may concern:

Further to publication of the Draft decision of 29 May 2019, we are pleased to take part in the consultation process.

Callaghan Innovation welcomes the innovation allowance capped at 0.1% of allowable revenue for the period and the suggestion to use the customized price-quality path for more significant investments in innovation. We also welcome the inclusion of our CEO's comments regarding levels of Research & Development in the energy sector.

Our view, based on working with electricity distribution businesses and with businesses developing innovative technologies for these businesses is that the proposed level for the innovation allowance is likely to result in only incremental change. As such, we would suggest that the innovation allowance be increased to a more substantial level, for example 1% of allowable revenue, and that the paper be amended to include the R&D Tax Incentive as well as the services that Callaghan Innovation provides to innovative businesses – namely access to experts, technology and product development, innovation skills, R&D funding and Scale-Up NZ. We also have energy sector-specific resources targeted including the Digital Energy Hub.

Cc'd is Erica Lloyd - Callaghan Innovation's General Manager Market, Engagement, Experience and Sectors.

We would be happy to meet with the Commerce Commission to explore the above further.

Rukuhia te wāhi ngaro, hei maunga tātai whetū

Explore the unknown, pursue excellence

James Muir

Business Innovation Advisor – Energy & Environment

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