

# COUNTIES POWER CONSUMER TRUST

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## Spotlight on emerging contestable services ToR

As a consumer-focused trust, Counties Power Consumer Trust (CPCT) has a number of fundamental problems with the joint regulators' ToR for this review.

First, given the high significance of emerging technologies to the future efficiency and costs of our EDB, we – like other trust owners – have been, and are, focussed on ensuring that consumers have early access to appropriate technologies, and that impediments to application of those technologies are avoided.

Here the February Electricity Price Review *Options Paper* gives a strong pointer to the role that trusts should play in promoting deployment of such technologies:

***... we think trusts could greatly benefit, too, from reviewing and updating their trust deeds so any performance or ownership reviews take into account the benefits of new technology for beneficiaries and consumers generally. We also think trustees should have direct oversight of any ownership review and should examine the trust's role in the governance of the distribution business they own. These steps would anticipate the pending Trust Bill, which aims to encourage trusts to be more active in working for their beneficiaries. Again, we would hope trusts take this step voluntarily.***

Accordingly we are very concerned that this ToR has emerged with little prior fanfare, and with only 8 working days to consider it and to develop a response. This is totally inappropriate for a topic of this significance to companies and owners who have already committed time and resources to investigating and investing in contestable services. CPCT is typical of most trusts, with monthly executive meetings where major issues of this type can be studied. Having this ToR rushed through, when there is no apparent justification for haste that we can identify, is at the least bad regulatory practise.

Second, we support ETNZ's comments in their submission about the seeming dismissal of the Commission's requirements under s54Q of the Commerce Act. The Commission's role is to implement policy, not to rewrite it. As ETNZ note, making the views of regulators on distributors supplying contestable electricity services transparent without acknowledging this very relevant clause is anything but transparent:

#### 54Q Energy efficiency

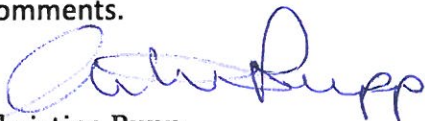
The Commission must promote incentives, and must avoid imposing disincentives, for suppliers of electricity lines services to invest in energy efficiency and demand side management, and to reduce energy losses, when applying this Part in relation to electricity lines services.

Section 54Q: inserted, on 1 April 2009, by section 4 of the Commerce Amendment Act 2008 (2008 No 70).

It is hard to see any way that an investigation into *the types of circumstances where the participation of distributors in contestable electricity services is likely to be harmful to consumers in the long term* can be reconciled with the clear legislative instruction to the Commission to promote, and to avoid discouraging, distributors from taking a lead role in the provision of these services.

Finally, we support ETNZ's comments on the inappropriateness of confining the review to the role of distributors. As ETNZ point out, the large integrated generator-retailers have a strong incentive to discourage other parties from investing in technologies that, in time, will challenge the revenue streams they obtain from sunk cost generation assets.

We recommend that the two regulators reconsider this review in the light of our comments.

  
Christine Rupp  
Chair, Counties Power Consumer Trust