

16 April 2019

Kimberly Foo
Senior Analyst – Regulation, Commerce Commission
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by email: eacomcomjointproject@comcom.govt.nz

Dear Chair,

Re: Spotlight on emerging contestable services

1. Auckland International Airport Limited (**AIAL**) welcomes and thanks the Electricity Authority and Commerce Commission for the opportunity to be involved in this joint initiative considering emerging contestable services and how the regulatory environment could be potentially refined to create optimised long-term value for consumers.
2. Auckland Airport owns and operates a “secondary network”, which is connected via Vector Limited’s (Vector) lines to the national transmission grid. Our customers include airport facilities (nationally significant infrastructure), airlines and supporting aeronautical operations, and also commercial tenants. We are considered a distributor under the Electricity Industry Act 2010 and are also a large consumer of electricity. It is within this holistic capacity that this submission is made.

Response to Terms of Reference; What we are doing


3. Auckland Airport agrees that electricity distributors are increasingly participating in markets for contestable services such as distributed energy services, for example smart grid assets, network batteries, EV chargers, meters and automation. It is our core responsibility to deliver optimised value to our customers.
4. We also agree with the balanced approach of reviewing the extent to which distributors’ participation could be benefitting or hindering consumers, fair competition and long-term value creation.
5. New Zealand has a world leading electricity system, when considering our ranking amongst OECD countries for the proportion of electricity generated from renewable sources, benchmarked prices/affordability for both residential and industry, and also that the future investment pipeline for new generation assets is almost entirely green, predominantly geothermal and wind generation.
6. It is appropriate to review the various aspects of New Zealand’s electricity system for opportunities to further improve performance.
 - 6.1. In this regard, we consider the focus of the review should include not only the current mode of participation by distributors in emerging/contestable services, but also the potential future role for distributors in supporting the establishment of new products, services or business models where there is currently no practical nor commercially

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viable opportunity within a competitive market environment, and where conversely not investing in these opportunities could lock NZ into a path that is not in the best interests of consumers or the nation from a total cost of investment or risk/resilience perspective over the long-term.

Response to Terms of Reference; How we are doing this

7. We look forward to providing our views on a draft framework for the qualitative/quantitative assessment of the costs, benefits and consumer impacts of distributor involvement within the emerging contestable services domain. In our capacity as a distributor we are focused upon the consumers within a defined region and any regulatory intervention should recognise and allow us to act with respect for the unique attributes of our customer base to drive the best long-term outcomes.
8. Auckland Airport is actively engaged in reviewing emerging technologies and business models to identify if, how, where and/or when benefit could be delivered to our customers from these opportunities.
9. We also look forward to offering our views upon the draft conclusions with respect to:
 - 9.1. how market regulation could be improved to incentivise innovation and promote competition for the creation of optimised long-term value for our customers, by establishing a level playing field / environment for all participants to actively pursue, develop and offer emerging contestable services;
 - 9.2. ways of discouraging practices that could be detrimental to consumers benefit; and
 - 9.3. opportunities where additional benefit may be created by regulated and/or split regulated/non-regulated practices that enhance market performance, including by allowing electricity retailers and vertically integrated gentailers (etc.) to participate to a greater degree within the regulated market.

If you require further information or wish to discuss this response, our contact person for this submission is Anthony McGivern, Utilities Performance Manager, 027 809 3949, or anthony.mcgivern@aucklandairport.co.nz.

Yours sincerely,

Anna Cassels-Brown
General Manager Operations