

28 August 2018

Kevin Barnes  
The Lines Company Limited  
Chief Financial Officer  
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Email: [kevinb@thelines.co.nz](mailto:kevinb@thelines.co.nz)

Dear Kevin

**Exemption request response: 2018 pricing disclosures for The Lines Company Limited**

1. We refer to your letters of 14 and 17 August 2018 in which you requested the Commerce Commission (Commission) grant The Lines Company Limited (TLC) various exemptions in relation to the pricing disclosure requirements of clauses 2.4.18 and 2.4.19 of the Electricity Distribution Information Disclosure Determination 2012, as amended (ID Determination).

*Background to the request*

2. Clauses 2.4.18 and 2.4.19 of the ID Determination require that Electricity Distribution Businesses (EDBs) disclose information about their prices, including new or withdrawn prices.
3. TLC is changing from demand-based to Time-of-Use (TOU) based pricing, effective 1 October 2018. TLC believes that this is an exceptional situation and that in this instance the ID Determination requirements aren't conducive to helpful and effective information disclosure to its customers at this time.
4. TLC noted that as it is moving from billing in advance to billing in arrears, customers won't receive a bill until mid-October 2018 at the earliest. For this reason, providing information in late August 2018 would provide little context to consumers and may actually create confusion.
5. In addition to this, it is the preference of TLC to publicly disclose prices that are pass-through prices as detailed in the Electricity Distribution Services Default Price-Quality Path Determination (EDB DPP) (as opposed to transmission charges as required by the ID Determination) as this enables customers and interested persons to be better informed.

*Exemptions requested*

6. TLC has requested exemption from complying with clauses 2.4.18(1)(a) and 2.4.18(4) as they relate to clause 2.4.19; and clause 2.4.19(c)(i) by 3 September 2018 (20 working days before the pricing changes). TLC has noted that it will be able to comply with these clauses by 23 September 2018.
7. In addition to this, TLC has requested an exemption from clause 2.4.18(1)(d) which requires EDBs to disclose the portion of the price that is attributable to transmission charges.<sup>1</sup>

*Commission consideration*

8. We appreciate the complexity and significance of the change in pricing that is being undertaken by TLC as well as the effort TLC has put into developing a customer-centric plan for disclosing information to consumers in a timely manner, focussed on the key messages and aiming to avoid confusion.

*Exemption granted*

9. Under clause 2.11.1 of the ID Determination, the Commission grants TLC an exemption from the requirement to comply with clauses 2.4.18(1)(a) and 2.4.18(4) as they relate to clause 2.4.19; and clause 2.4.19(c)(i) of the ID Determination by 3 September 2018; and from clause 2.4.18(1)(d). This exemption is granted on the condition that TLC:
  - 9.1 completes and publicly discloses the information required by clauses 2.4.18(1)(a), 2.4.18(4) and 2.4.19(c)(i) by 23 September 2018;
  - 9.2 discloses the portion of the price attributable to pass-through prices, in line with the EDB DPP, rather than transmission charges as required by clause 2.4.18(1)(d); and
  - 9.3 notes that it has been granted these exemptions with the publication of the disclosures referred to in paragraphs 9.1 and 9.2 above.
10. This exemption only applies to the pricing disclosure requirements for the price change affective 1 October 2018.

*Further information*

11. This exemption may be revoked or amended in accordance with clause 2.11.1(2) of the ID Determination.

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<sup>1</sup> Transmission charges as defined in the ID Determination differ from pass-through prices as defined in the EDB DPP. Transmission charges means any payment made in respect of the use of the transmission system, and for the avoidance of doubt this includes avoided transmission charges. Pass-through prices means the portion of prices attributable to pass-through costs and recoverable costs.

12. A copy of this exemption response letter will be published on the Commission's website.
13. For any further questions relating to this letter, please contact [regulation.branch@comcom.govt.nz](mailto:regulation.branch@comcom.govt.nz).

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Sue Begg'.

Sue Begg  
Deputy Chair