

24 March 2016

Keston Ruxton
Manager, Input Methodologies
Commerce Commission
P O Box 2351
Wellington 6140

By email: regulation.branch@comcom.govt.nz

Dear Keston,

RE: Input Methodologies Review – Process update paper

Pioneer Energy Limited (Pioneer) commends the Commerce Commission (Commission) for publishing its emerging views as it progresses its review of the Input Methodologies. This is a significant piece of work and we appreciate the opportunity to comment at this stage prior to a draft decision being released in June.

Our comments relate to the emerging technology topic and the Commission's plan to progress a review of related party provisions.

We note the Commission does not require any further information on the emerging technologies area. Pioneer supports the Commission reviewing related party provisions in the IM and information disclosure regimes. We are concerned to ensure that when EDBs undertake activities, such as aggregated demand management and/or activities that may arise from emerging technologies, the EDB's internal treatment of these activities is the same as if the EDB purchased these activities from a competing third party.

EDBs are likely to invest directly or in related party transactions in emerging technologies, such as batteries, or aggregated demand management as an alternative to line services as these network services reduce the capacity needed in the distribution network during peak demand periods. This investment by EDBs will be competing with new and existing third party providers.

Pioneer's interest is to ensure a level playing field all parties providing network services – whether owned by the EDB or not:

- at the time of an investment - EDBs may have more information about the customers on their network when investing in the competitive parts of the market than third parties,
- in the contracting terms and prices/charges paid by the EDBs to their own activities and third parties, and

- in the regulatory treatment of different activities undertaken by EDBs and third parties that achieve the same outcomes.

We will arrange to discuss our views on related part provisions with Brett Woods at the Commission.

Pioneer is engaging in regulatory processes by the Commerce Commission and Electricity Authority to ensure, where possible, low entry barriers, equal access to network information and a regulatory regime that is simple enough to understand and ensure innovation by small companies.

Yours sincerely



Fraser Jonker
Chief Executive