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Keston Ruxton, Manager EAD, Regulation Branch
Commerce Commission
PO Box 2351
Wellington 6140

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

Dear Keston

Intention to gather information relating to emerging technologies

Powerco appreciates the opportunity to provide feedback on the Commerce Commission's open letter of 9 May 2018 regarding emerging technologies.

We are committed to making our distribution network available as an open-access platform to which customers can connect (within safe bounds) any devices they require, or over which they can transact with others as they see fit. Uptake of electric vehicles and other new technologies will materially affect the way networks are used - it's a case of when, not if. To facilitate this:

- we are participating in a range of small-scale technology proof-of-concept trials to understand their impact on the network if other parties choose to connect them. These trials allow us to explore how to accommodate these choices technically and cost-effectively. Powerco's 2017 Asset Management Plan¹ contains more detail.
- We provide the same information about the suitability of charging sites to any party. The connection costs for potential EV chargers are assessed the same as any other customer connection.

The purpose of your letter was to:

- inform stakeholders of the Commission's intent to increase its understanding of how distributors are using emerging technologies;
- provide additional information about regulatory treatment of EV chargers; and
- provide guidance around potential exercise of market power by EDBs with respect to their behavior in markets.

Powerco supports the Electricity Networks Association (ENA) submission to the Commission. Rather than repeat the material from the ENA submission, there are several points we want to emphasise:

1. **Intent.** We support the Commission developing its understanding of how new technologies are affecting the distribution sector. This knowledge and transparency will ensure the facts dominate assertions about how Part 4 regulation aligns with wider market and industry developments.
2. **Approach.** The proposed information request will benefit from a sense-check before issuing it. To ensure an efficient response from distributors, we suggest the Commission (potentially with the assistance of stakeholders) develop a set of questions that are being explored. This will ensure an alignment with the information request, providing confidence to all participants that the process is efficient and proportionate.
3. **Scope.** Para 5 outlines three activities that the Commission wants to further its understanding. Para 5.1 (what EDBs are investing in) and para 5.3 (accounting of those investments) are likely to be easy

¹ <http://www.powerco.co.nz/media/1652/powerco-asset-management-plan-2017.pdf>.

to scope. However, para 5 (“the effect emerging technologies are having on the sector”) is potentially broader. The proposed timetable will compromise the effectiveness of responses if the Commission’s intent is broad. The information request will benefit from more clarity about exactly what the Commission is wanting to understand in this area.

4. **Guidance on ID interpretation.** Consistent with previous submissions on other topics², we strongly support the Commission engaging with distributors about the interpretation of ID requirements. If the Commission is concerned about aspects of interpretation we suggest a similar approach to the related party transactions be used. A collective understanding of intent and interpretation is in everyone’s interest – it’s a shared journey. In terms of EV chargers, or any new technology, an additional exception to the two listed in para 31 of the Commission’s letter is when trials of technology are for research purposes which relate to the provision of the regulated service. As noted earlier, and in our 2017 Asset Management Plan, trials of new technology allow us to develop an understanding of their potential impact on conveying electricity by line both now and in the future.

If you have any questions about this submission, please contact Andrew Kerr (andrew.kerr@powerco.co.nz).

Yours sincerely



Stuart Marshall
General Manager Regulation and Commercial

² See the Powerco submission and cross-submission on related part transactions in 2017 <http://comcom.govt.nz/regulated-industries/input-methodologies-2/input-methodologies-review/related-party-transactions-provisions/>.