

2 April 2024

Commerce Commission
PO Box 2351
Wellington 6140

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

Cross-submission on: *DPP4 reset – Financeability of electricity distribution services in the default price-quality path issues paper*

Introduction

1. Thank you for the opportunity to make a submission on this issues paper. This submission is from the Consumer Advocacy Council, the independent advocate for residential and small business electricity consumers in New Zealand.
2. If you have any questions regarding our submission, please contact:
 - Emma Sturmfels, acting manager, Consumer Advocacy Council
 - Email: [REDACTED]
 - Phone: [REDACTED]

Comments

3. The Council supports the point made by the Major Electricity Users' Group (MEUG) that a "sense check" remains an appropriate mechanism for the Commerce Commission to use in order to assess the extent to which financeability issues may or may not be relevant to this reset, and to inform how it might take financeability into account in decision making.
4. We agree with points made in other submissions about the need for additional clarity on the "sense check" process and how it will work. This clarity is important to ensure both consumers and lines companies have good information about the process and the matters that will be considered in the price reset.
5. We support the points made by MEUG and Fonterra that the existing regime already provides for regulated businesses to generate "acceptable" returns. In this respect, we consider the regulatory framework provides a favourable environment in which companies can operate and manage their financial sustainability.
6. Fonterra's submission also makes the point that "electricity users are facing significant pricing pressure from both the sustained high cost of electricity via wholesale electricity market prices

and increased transmission and distribution costs". Minimising further price rises in this reset is essential to ensure consumers have access to affordable electricity, both now and long-term.

7. We note the Oxera Consulting report that the "big 6" lines companies have commissioned and submitted. In the limited time available for cross-submissions, we have not had the opportunity to review this report. However, we wish to stress that any proposed changes to this reset, whether based on the Oxera report or other information, would require public consultation.

Yours sincerely,



Deborah Hart

Chair

Consumer Advocacy Council