



5 May 2014

Alan Jenkins
Chief Executive
Electricity Networks Association
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Dear Alan

ELECTRICITY CUSTOMER SERVICE LINES

Thank you for your letter of 11 February 2014 to David Smol, which notes the ENA's increasing concern about the public safety threat posed by aging customer service lines. I note that customers or landowners are responsible for maintaining customer service lines, and agree there is the potential for poor safety outcomes if they are not adequately maintained.

Your letter describes a proposal under which electricity network businesses (ENBs) could seek to establish contractual relationships with parties supplied with electricity via customer service lines, based around one or other of two options (an "Inspect, Maintain and Replace" service; and an "Inspect, Notify and Enforce" service). The ENA considers that offering this service would provide a mechanism for ENBs to improve public safety as customer service lines age.

The Ministry has discussed the implications of inadequately maintained customer service lines with WorkSafe New Zealand and I consider that the ENA's concerns about public safety are not misplaced. I also consider that developing legislative options to address those concerns would be challenging, given the implications for private property rights. The ENA's proposal, involving contractual agreement to inspect and/or maintain customer service lines, appears to be a pragmatic way to address the public safety concerns.

I understand that the ENA proposal would involve most ENBs incurring additional costs, as most do not currently provide this service. I am aware that the Commerce Commission is currently resetting the default price-quality paths for non-exempt ENBs, and will need to consider the potential impact on line prices associated with the proposed service.

In this context the Ministry welcomes the ENA's attention to the public safety issues associated with aging customer service lines and the proposal to improve safety through a contractual service offered by ENBs to customers served by such lines.

Yours sincerely

Jamie Kerr
Manager
Energy Markets Policy

