

**25 May 2018**

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**Response to the Commission open letter on emerging technologies (E-tech)**

Dear Keston

Thank you for the opportunity to provide feedback on the Commission's open letter headed "Our intention to gather information relating to emerging technologies". We value the opportunity to assist the Commission to better inform itself about ENA members involvement E-tech.

We also support the Commission approach to gathering ENA and other input as it drafts the scope and nature of the information that it seeks. The process of information gathering may prove to be iterative because of the range of approaches that ENA members are taking to E-tech.

*Specific comments*

We understand that the Commission is looking to use its power under Section 53ZD of the Commerce Act to source the information on E-tech from ENA members. The ENA has concerns with this approach for a number of reasons, not the least being that the scope of the information will be limited by the formal request itself. An iterative process may be best for ENA members, given that its very early days on this topic for them and most are coming at E-tech from differing angles and start points anyway.

We note that the Commission wants to meet with some stakeholders, including ENA members, to improve the Commission understanding of the impacts of E-tech. We support the Commission in this regard and have alerted ENA members to this important piece of the process.

Your letter also includes commentary, and an appendix, that provides guidance to EDB's on how to apply the Commission IM rules in relation to EV chargers. Individual members will share their experiences and views with you on this subject but from an ENA point of view we have a perspective we can share. We consider that, ultimately, the deployment of many of the EV chargers by EDBs is to

date are to the benefit of consumers that the ENA regards as a legitimate regulatory cost. EDBs were approached to help create the “Electric Highway” to reduce range anxiety and help ‘seed’ the market in New Zealand for EVs. This is a strategic investment in helping diversify the NZ Inc customer base, using existing core network assets which helps all consumers in the longer term bring down average prices.

One final comment. We note your comments on paras 22 and 23 of your letter that refer to EDB compliance with Part 2 of the Commerce Act when they invest in E-tech assets. We understand that EDBs should not be able to foreclose entry by third parties in E-tech markets, and there will be situations where it would not be appropriate to include costs in the regulated business where there is competition or a clearly contestable situation, but we would caution that markets may simply not emerge at all if EDBs do not invest. There is a fine balance here for all stakeholders that will change over time as markets emerge and develop. Creeping regulation (eg: a perpetual IM review) is in no one’s interest and will ultimately be a cost on consumers.

### Closing Comments

Overall the ENA considers that an open consultative process will serve the Commission best as it seeks to better understand the impacts of E-tech. Members look forward to working with the Commission as it further shapes this work stream. We encourage the Commission to step-back from the specific case of EV chargers and consult on a broader framework for the treatment of expenditures where the lines blur between competitive activities and activities that support the long-term benefits of NZ Inc network consumers.

Again, thank you for the opportunity to provide feedback and we look forward to working with you on the next steps in this process.

Yours sincerely



David de Boer

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