

**To:** Feedback Aurora Plan[feedbackauroraplan@comcom.govt.nz]  
**From:** Stan Randle [REDACTED]  
**Sent:** Mon 15/02/2021 2:00:21 p.m. (UTC+13:00)  
**Subject:** Re: Hyperlink to the consultation now attached RE: Commerce Commission – Targeted consultation on changes to draft determination for Aurora Energy's Customised Price-Quality Path

Thanks Matt.

Your reply and explanation is appreciated.

Please accept the following as my Formal Submission to the Commission's Current Proposal for the future of Aurora Ltd to continue as the Central Otago Network Provider.

Formal Submission to the Commission's Current revised proposal for Aurora Ltd

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First it seems clear that the Commission intends to allow Aurora ( and the DCC Owners of this Monopoly Company) to continue into the foreseeable future to own and operate the Central Otago Energy Network as a Monopoly .

In my opinion the fundamental error that the Commissioners are making is to clearly define and interpret the original intention of the Act.

The clear direction within the Act, that, should the Monopoly status granted be abused such that “ The Costs To The Consumer Outweigh The Benefits” then the owners of that Company forfeit their rights of ownership.

The Commission states that the DCC owners of Aurora have abused the Monopoly constraint conditions attached to their original purchase back in 1998/99 when they for example state in the commentary below :

“ The view set out in paragraph 17 of the consultation paper is this in turn helps limit the EDB's ability to make excessive profits “. ( Recognising that during the last 20 years the lines Company has chosen to make excessive profits)

Coupled with the plethora of mis-management occurrences identified by the independent review commissioned by the commissioners it is difficult to understand what behaviour and how extreme such behaviour has to be to meet the failure of the cost benefit analysis criteria set in the Act.

Further the DPP3 approach in paragraphs 6.59 to 6.66 of your final decision and reasons paper may very well adjust the relevant EDB's price path and quality standards but some five issues arise:

First

It essentially is a matter of opinion between the two factions ( The Commission and Aurora) if “ the approach adjusts the relevant EDB's price path.

Second

How will the Commission ever know if the selected price path “ properly reflects the change to the scope and scale of the regulated services.?

Third

How will the Lay Public ever know?

Fourth

If the Commission do happen to consider the selected path does not properly reflect the change will they apply a further fine? (Remember the only source of Income from both Aurora and the DCC are the energy customers and the Rate payers . Those monies simply get added and charged to the very people the Commission is trying to help. (Try fining the people actually making these horrendous decisions)

Fifth

The Commission has failed to appreciate that the financial constraints they are applying “ which we consider is to the long-term benefit of the consumer “.

Such constraints provide the very excuse for Aurora to counter all future lines failures. The blame will be fully re-directed back onto the Commission for setting such financial constraints which did not allow Aurora to fully fund the needs of the network. Again the needs are simply a matter of opinion.

The Commission has to recognise that the DCC expect to make a profit on their investment. A sentiment everybody fully accepts. The problem is that so much of the lines charge component of a customers energy bill is skimmed off as profit and is not spent on the lines.

The only way ALL the income from the consumers is directed towards funding the network (After administration costs) is for a Community/state owned enterprise.

Such an ownership model is described as an option within the Act ie The energy supply component is currently administered by a Community Trust.

The Act allows “ A mirror trust is an acceptable administration for the Network component providing it is made up of of a seperate trust administration and that each Trust operates at arms length from each other.”

This is the best solution to this controversy ; This approach fully meets the intention of the Act  
“ That the consumers will achieve the optimum benefit from the costs they spend on the network”

This rearrangement can be done. A Win-Win situation can be achieved.

The government could reimburse the DCC for the current down graded network —they get some of their money back.

An interim commissioner could be installed

A repayment plan could be put in place as a component of the lines fee in each customers bill——so the Government ( Tax Payers) get their money back——Also the community trust at least eventually owns its Network

A Set of Trustees could be appointed to take over from the interim Commissioner

The maximum efficiency and reliability for the Central Otago Network would be achieved.

The original Aims of Max Bradfords Act will be achieved

Yours Faithfully

Stan Randle

Sent from my iPad

On 15/02/2021, at 8:14 AM, Feedback Aurora Plan <feedbackauroraplan@comcom.govt.nz> wrote:

Dear Stan,

Thank you for your questions on the first proposed change in our Aurora CPP technical consultation.

We are not proposing this change in anticipation of any particular transaction involving Aurora or other electricity distribution businesses (EDBs).

Rather, as we explain at paragraphs 21 to 23 of our [consultation paper](#), the intention behind this proposed change is to align the approach to asset and consumer transfers under the CPP determination with the approach we already take under the default price-quality path determination (DPP3).

That DPP3 approach was originally outlined for DPP3 in paragraphs 6.59 to 6.66 of our [final decision and reasons paper on setting DPP3](#). That is, after a transfer, the approach adjusts the relevant EDB's price path and quality standards so they would properly reflect the change to the scope and scale of the regulated services Aurora would supply as a result of any particular transfer. This would ensure that Aurora's price path and quality standards would not be higher or lower than what they should be as a result of the transfer of assets (a sale or purchase) providing regulated services.

The view we set out at paragraph 17 of the consultation paper is that this in turn helps limit the EDB's ability to make excessive profits and encourages it to provide services at a price and quality that reflects consumer demands – which we consider is to the long-term benefit of those consumers.

We hope this explanation is helpful to you and we look forward to receiving your submission.

Kind regards,

Matt

**Matt Clark**

Project Manager

Commerce Commission | *Te Komihana Tauhokohoko*

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[www.comcom.govt.nz](http://www.comcom.govt.nz)

<image001.png>

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**From:** Stan Randle [REDACTED]

**Sent:** Thursday, 4 February 2021 10:36 PM

**To:** Feedback Aurora Plan <feedbackauroraplan@comcom.govt.nz>

**Subject:** Re: Hyperlink to the consultation now attached RE: Commerce Commission – Targeted consultation on changes to draft determination for Aurora Energy's Customised Price-Quality Path

Hi Dane,

Could you explain what the first proposed change means.

What other network assets might Aurora want to buy? Are other networks up for sale ?  
Why would Aurora want to sell there current Central Otago Monopoly network asset when your Commission proposes to allow them to completely refinance the downgraded asset they created, entirely at the consumers expense? The huge commercial advantage Aurora currently holds and which the Commission seems to be determined to endorse is difficult to understand  
Could you give some possible examples that could occur should either of your proposed changes be accepted by Aurora such the “ the benefits to the consumer will out weigh the costs to be imposed on the consumer” At the moment if my interpretation of the changes is correct “ The future costs to the consumer will hugely out weigh the benefits”  
Does the Commission intend this to be permitted?  
Your help and examples in clarifying these proposed changes would be very helpful and appreciated so that I can give constructive feedback as requested before the 18th Feb  
Yours Faithfully  
Stan Randle

Sent from my iPad

On 4/02/2021, at 10:03 AM, Feedback Aurora Plan <[feedbackauroraplan@comcom.govt.nz](mailto:feedbackauroraplan@comcom.govt.nz)> wrote:

Tēnā koutou

We have now attached the hyperlink to the consultation paper in the email below.

Ngā mihi

Dane

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**From:** Feedback Aurora Plan <[feedbackauroraplan@comcom.govt.nz](mailto:feedbackauroraplan@comcom.govt.nz)>

**Sent:** Thursday, 4 February 2021 8:48 AM

**To:** Feedback Aurora Plan <[feedbackauroraplan@comcom.govt.nz](mailto:feedbackauroraplan@comcom.govt.nz)>

**Subject:** Commerce Commission – Targeted consultation on changes to draft determination for Aurora Energy’s Customised Price-Quality Path

Tēnā koutou

Today we have published a consultation paper that is focussed on two proposed technical changes to the draft determination for Aurora Energy’s customised price-quality path (CPP).

The proposed changes update the draft determination that we published and consulted on in November 2020. They do not impact the key features of the CPP, such as Aurora Energy’s maximum allowable revenue or quality standards.

The proposed changes would:

- ensure that if Aurora Energy buys or sells network assets, the CPP adjusts to reflect the changes to the regulated services Aurora supplies. This proposed change resolves an oversight from our draft decision and makes the draft determination consistent with the default price-quality path determination that applies to other electricity distribution businesses.
- allow Aurora Energy to set prices in the 2021/22 financial year based on the allowable revenue we set in its final decision on the CPP in March 2021.

Our consultation paper is available [here](#).

If you wish to provide feedback on the two proposed changes, please email your submission to [feedbackauroraplan@comcom.govt.nz](mailto:feedbackauroraplan@comcom.govt.nz) with ‘CPP Technical changes consultation’ in the subject line.

Submissions close at **5pm** on **18 February 2021**.

Please note that we are not seeking feedback on other aspects of our draft decision for Aurora Energy’s CPP. The feedback that we have already received is currently being considered and will inform our final decision, which is due by the end of March.

Ngā mihi

Dane

**Dane Gunnell**

Manager, Price-Quality Regulation | Regulation Branch

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