Commerce Commission decision reinforces electricity monopoly 16 June 2016

The Commerce Commission said at the briefing today on Input Methodology rules that they consider consumers of electricity to be stakeholders in electricity regulation. But they said they have no effective way of implementing that .

New Zealand's electricity industry has been slow to respond to the revolution in electricity supply caused by rooftop solar becoming cheaper in many circumstances than purchased electricity. Today's decision perpetuates the business-as usual model that protects the commercial viability of lines companies.

Domestic consumers who can afford to are increasingly buying rooftop solar systems, but the economic viability of these has fallen drastically by retailers cutting their buyback rates. And one lines company, Unison, has specifically applied a new "solar tax".

Of those people who can't afford to invest to cut their power bills, many are paying more than they can afford, and suffering in cold damp houses.

If only lines companies could cooperate with their consumers, instead of regarding their operations as strictly business or even opportunities to enrich their shareholders, they would have a very different attitude towards emerging technologies like solar.

The Commerce Commission needs to study overseas principles of "performance based regulation" which could lead to a much improved protection of consumers.. Already today's decision introduces one element of that - use of the revenue cap instead of a price cap. Much more needs to be done.

Domestic consumers need real regulatory protection of the affordability, sustainability and reliablility of this essential service.

Lines companies are no longer monopolies in practice - but they still are in regulation. The legal basis of the "purposes" of energy regulation needs a complete overhaul, to protect the interests of domestic consumers, and to re-emphasise the need to also protect the planet's climate.

Molly Melhuish.

Source: Molly Melhuish "Commerce Commission decision reinforces electricity monopoly" (17 June 2016), available at: http://www.scoop.co.nz/stories/PO1606/S00206/cc-decision-reinforces-electricity-monopolies.htm