

29 June 2018

ELECTRICITY PRICE REVIEW – STAKEHOLDER UPDATE

Dear all,

Since my letter to you in April, we have been busy identifying core subject areas, or topics, emerging from our terms of reference. As many of you have noted, the terms of reference are broad, making it vital we clearly identify the scope of our work. We have developed seven topics that we feel summarise the essence of the terms of reference, and these are likely to form the basis of our discussion paper. They are:

- current prices
- generation and retailing
- transmission and distribution
- emerging technology
- consumer trust and confidence in the industry
- affordability
- regulatory framework.

We are examining each of these from both a current and future perspective. To help us prepare the discussion paper, we have spent a good deal of time gathering information from a range of sources, including the public, industry representatives and consumer groups. We have also been studying overseas reviews, compiling requests for data from retailers (focused on prices for different consumer groups) and conducting interviews with key stakeholders.

Two matters I wish to particularly note. First, we are very grateful to those retailers who have co-operated with our recent data request. Some retailers have already provided their data. We are keenly aware that the request is detailed, but the data we are seeking is essential to understanding some of the issues involving consumers. (This data, by the way, has been collected by a number of the overseas reviews we have looked at.) We appreciate and thank you for your willingness to help.

Secondly, the need to publish a discussion paper as soon as possible has meant we have necessarily had to be selective in our early engagement with stakeholders. Nonetheless, we feel we have met a broad cross-section of stakeholders, including consumer groups, budget advisers, iwi representatives, regulators, ministries, industry associations and industry participants. Although time-consuming, early engagement has proved very helpful. Again, thank you to those who have given freely of their time. I want to reassure everyone that more in-depth engagement will follow after the release of the discussion document.

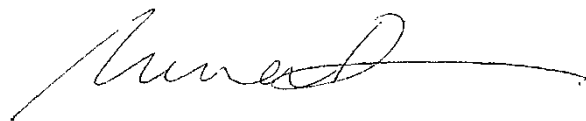
On that topic, we have started drafting the document. It will not attempt to tell the whole story of what is happening in the sector, but rather to report on the results of our investigation to date. It will flag areas that need more investigation. Rest assured, we will not omit what is working well from our review.

The primary purpose of the document is to stimulate informed discussion for the next stage of our work. We will be seeking your views on each of the seven topics. Undoubtedly, views will differ on some topics, but we have already identified common positions on some key areas. A notable example is that some consumers are genuinely unable to afford such basics as heating their homes, and that something must be done to help them.

We are very conscious of the need to ensure the discussion document is succinct and easily understood by the public, especially given the underlying emphasis of the terms of reference on consumer fairness and affordability. As a result, we will probably release separate working papers containing more technical or industry-specific information.

At this stage we hope to release the document at the end of August. As you know, it requires Cabinet approval before release. I will write to advise you of when and how we will go about seeking your views and, as the next stage requires, considering possible improvements.

Yours sincerely



Miriam R Dean CNZM QC
Chair