ELECTRICITY PRICE REVIEW

SUBMISSION FORM

wellington electricity

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How to have your say

We are seeking submissions from the public and industry on our first report into the state of the electricity sector. The report contains a series of questions, which are listed in this form in the order in which they appear. You are free to answer some or all of them.

Where possible, please include evidence (such as facts, figures or relevant examples) to support your views. Please be sure to focus on the question asked and keep each answer short. There are also boxes for you to summarise your key points on Parts three, four and five of the report – we will use these when publishing a summary of responses. There are also boxes to briefly set out potential solutions to issues and concerns raised in the report, and one box at the end for you to include additional information not covered by the other questions.

We would prefer if you completed this form electronically. (The answer boxes will expand as you write.) You can print the form and write your responses. (In that case, expand the boxes before printing. If you still run out of room, continue your responses on an attached piece of paper, but be sure to label it so we know which question it relates to.)

We may contact you if we need to clarify any aspect of your submission.

Email your submission to energymarkets@mbie.govt.nz or post it to:

Electricity Price Review

Secretariat, Ministry of Business, Innovation and Employment

15 Stout Street

PO Box 1473

Wellington 6140

Contact details

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Use of information

We will use your feedback to help us prepare a report to the Government. This second report will recommend improvements to the structure and conduct of the sector, including to the regulatory framework.

We will publish all submissions in PDF form on the website of the Ministry of Business, Innovation and Employment (MBIE), except any material you identify as confidential or that we consider may be defamatory. By making a submission, we consider you have agreed to publication of your submission unless you clearly specify otherwise.

Release of information

Please indicate on the front of your submission whether it contains confidential information and mark the text accordingly. If your submission includes confidential information, please send us a separate public version of the submission.

Please be aware that all information in submissions is subject to the Official Information Act 1982. If we receive an official information request to release confidential parts of a submission, we will contact the submitter when responding to the request.

Private information

The Privacy Act 1993 establishes certain principles regarding the collection, use and disclosure of information about individuals by various agencies, including MBIE. Any personal information in your submission will be used solely to help develop policy advice for this review. Please clearly indicate in your submission whether you want your name to be excluded from any summary of submissions we may publish.

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Summary of questions

Part three: Consumers and prices

Consumer interests

1. *What are your views on the assessment of consumers' priorities?*

Electricity is an essential service ensuring the welfare of communities and the economic prosperity of businesses. However cost can depend on energy choices consumers and businesses are making.

Education appears to be an important aspect of informing consumers around where more affordable energy choices could be made. This will include energy conservation, home insulation and finance advice around the cost benefit of certain investments and how to achieve lower operating costs.

There is an opportunity for better coordination between social welfare agencies and energy sector representatives to discuss how information can be shared with consumers to assist their priorities.

2. *What are your views on whether consumers have an effective voice in the electricity sector?*

As a distributor, we hear directly from consumers when power interruptions cause problems. Media are very quick to cover storm response situations, with Councils stepping in to ensure social welfare as lines companies concentrate restoring supply.

Social media is also an effective community voice regarding the complaints or compliments regarding the services we deliver.

We find Council Community Boards are effective for presenting a community voice where the common view links well with the utility nature of our lines business.

There is also a strong link with consumers and independent conciliators for member companies involved with resolving utility disputes through UDL. This independent service could be leveraged to ensure the consumers' voice is clearly heard by the electricity sector and provide an independent conduit for additional community access to information.

If we fail to look after our consumers, then the choices they are about to receive through new technology will see them exercise their right to disconnect and self-manage their electricity needs.

3. *What are your views on whether consumers trust the electricity sector to look after their interests?*

Trust is shown when we respond and recover network assets back to their operational status following interruption from storm outages. There is wide appreciation of work undertaken, under often difficult conditions, which require a high level of safety and coordination. This usually has the community supporting the industry looking after their interests as these costs are part of what their lines charges pay for, making sure supply is affordable, available and reliable.

There is a general misconception that the services provided by infrastructure will become cheaper over time. Replacing assets which have reached end-of-life are generally more expensive to replace than when they were first installed, assuming similar levels of reliability, service life and supply security are desired.

Customer viewpoints often vary and inevitably require a degree of empathy in order to reach alignment on how business provides (and be seen to provide) its services. It is important however to reinforce that the goal is to operate in a fair and equitable manner so the business maintains the social license as a trusted corporate citizen.

While there are cheaper forms of home generation and storage becoming available to consumers, this needs to be thought through so it becomes well-coordinated with the current infrastructure to unlock additional benefits to consumers and asset owners.

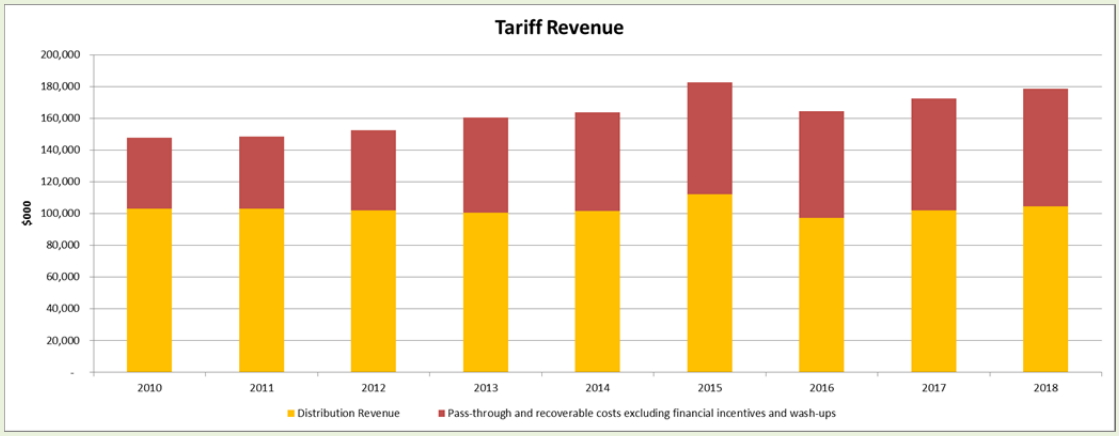
Prices

4. *What are your views on the assessment of the make-up of recent price changes?*

Our line businesses is Price-Quality regulated. The most recent price reset (2015) resulted in prices reducing by 10% for our consumers.

We have also had confirmed additional Earthquake Readiness funding which we were able to hold our current prices to consumers due to levelling this against a pass-through balance wash-up.

Overall, our tariff revenues have been stable since we have operated the network, as displayed in the following graph:



The increase in Pass-Through revenue is due to additional Transmission investment being priced to the market and changes in Council rating of utility assets.

The EPR report appears to compare prices from times when the industry moved under government legislation from vertical integration into separation of lines and energy. It is interesting historically to see where we have come from, but it's the last 5-15 years which are more relevant to managing our future direction. Figure 20 (p46 of EPR report) shows this uncertainty in data availability pre 2004 very clearly. The future will again be different to the past and will be offering greater change and choice for consumers to manage their energy futures.

5. *What are your views on the assessment of how electricity prices compare internationally?*

We are well placed internationally when comparing electricity prices, especially when we look at our percentage of renewability which will be a large cost escalator for some Countries yet to face the change to a renewable energy future.

Again difficult to compare across markets which are differently structured in their generation mix, regulation and ownership.

NZ is ahead of the pack when it comes to renewable energy sources. NZ's climate change perspective is looking at the agriculture sector for emissions improvement rather than the electricity sector. Overseas companies are still considering renewable energy initiatives which are likely to further distort comparisons across international energy markets (Australia, Germany).

NZ has a unique advantage where it can also look to decarbonize its transport fleets through more affordable electrification. This will have huge household income benefits by reducing fossil fuels costs on the basis of substituting with cheaper electricity (in comparison to fossil fuel prices).

6. *What are your views on the outlook for electricity prices?*

Markets will set prices based on supply- demand economic balances.

Economics for new-tech renewables will continue to fall which may act as a price stabilizing influence on increases to electricity prices over time.

Consumers may be able to capitalize their home storage and generation investments with the introduction of secondary energy markets forming to offer further price options for low income users at a more affordable price point.

Low income users are likely to benefit from schemes which operate on a peer-to-peer basis provided the government social agencies are prepared to make this happen as a participant in the market as a retailer of last resort.

Affordability

7. *What are your views on the assessment of the size of the affordability problem?*

Energy affordability is a complex problem, especially for low income consumers, where, to achieve affordability, there needs to be a better understanding of consumer choices and behaviors.

Home insulation has many positive benefits on reducing energy demand and improving health. Without these basic concepts in place, then energy could be being wasted or putting vulnerable customers at risk of poor health.

The size of the problem reflects the socioeconomic changes in NZ. With incomes not increasing at the same rate as living costs, it is inevitable that pressure drive problems with affordability.

It would be interesting to see whether low income households on low fixed user charges have benefitted from this tariff.

There doesn't appear to be information presented on how social agencies are assisting low income families in energy poverty and how the winter energy payment has addressed the concerns presented in the paper.

8. *What are your views of the assessment of the causes of the affordability problem?*

The assessment is reasonable as quality of the housing stock, energy choices, vulnerability of the occupants will drive energy affordability outcomes.

The more detailed aspects of education or the difficulty to negotiate when you have a poor credit history, suggest that these challenges could be solved through a "retailer of last resort", capable of closing the gaps, would be worth exploring further with social agencies and the industry.

9. *What are your views of the assessment of the outlook for the affordability problem?*

Cost reflective pricing will help address the inequity created between solar and non-solar homes.

EV affordability will change as supply increases. Their operational cost is significantly cheaper than running petrol at the household affordability level (see response in new technology section).

The charging of EV's needs to be well managed so that consumers are encouraged to recharge EV's outside of the network peak demand hours. This will help to avoid network reinforcement costs.

Cost reflective tariffs for EV owners is a good solution to ensuring appropriate charging behaviors avoid the situation of non-EV consumers also having to pay for network reinforcement costs

Cost reflective pricing targets consumers who drive additional network investment. There can be developments which allow packages for low income users to lower the dis-benefit of load occurring at higher priced peak demand periods. This circles back to working more closely together with welfare agencies and education on energy choices.

Home insulation and rental warrants of fitness are positive steps to improve energy affordability in the home.

Welfare payments or energy efficiency sponsored programs are positive affordability steps that can also be considered further.

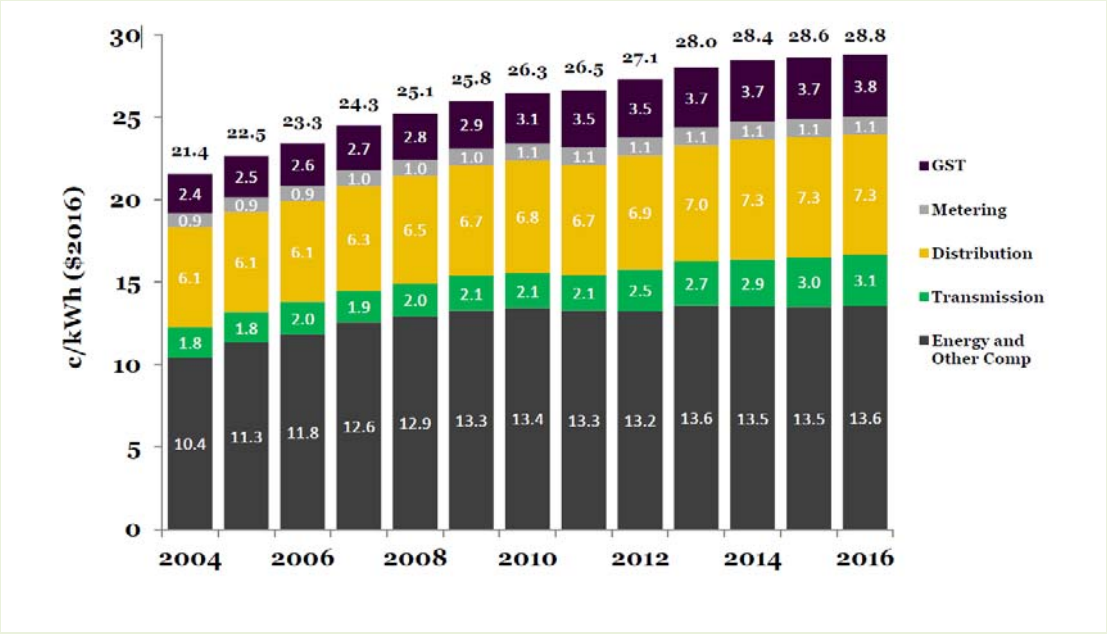
Summary of feedback on Part three

10. *Please summarise your key points on Part three.*

The electricity sector has an opportunity to work closely with government welfare agencies to address issues around energy poverty.

Government needs to take the lead and support low income families to maintain acceptable income levels which remain in step with the cost of living.

The report appears disingenuous in making comparisons back to the 1990's on components of energy prices; where deregulation and removal of cross subsidizations occurred. A clearer comparison, of the current market structure & behavior, should be considered between 2004 and today. The following graph is more representative of the current supply industry cost structure trends (source PwC):



Our revenue has been stable under Price-Quality regulation, which shares efficiency benefits with consumers. There will be changes in the residential/commercial/industrial price mix as residential consumers begin to consider options around new technology and managing costs in response to introduction of cost reflective pricing.

Solutions to issues and concerns raised in Part three

11. *Please* briefly describe any potential solutions to the issues and concerns raised in Part three.

Solutions need to include:

- Continue to improve insulation of NZ housing stock.
- Education of low income, vulnerable, less savvy consumers on energy choices.
- Closer relationships between welfare agencies and the electricity sector
- Use of UDL as a way to assist consumers with education matters on electricity industry and energy choices & provide feedback to government
- Government considers a role of retailer of last resort through welfare system supporting low income consumers.
- Cost reflective pricing will signal customers on changes in behavior which will lower their electricity bills.

Part four: Industry

Generation

12. *What are your views on the assessment of generation sector performance?*

No comment

13. *What are your views of the assessment of barriers to competition in the generation sector?*

No comment

14. *What are your views on whether current arrangements will ensure sufficient new generation to meet demand?*

Productivity Commission report appears to take a balanced view on new generation being affordable to meet new electricity demand.

A gap in the EPR report is how this translates to infrastructure investment at Transmission and Distribution asset level and whether there is further thought needed at investment at the low voltage distribution level to coordinate future customer generation and storage services.

Retailing

15. *What are your views on the assessment of retail sector performance?*

Retailers manage customer relationships, so this shapes the consumers' view of the electricity sector.

The report outlines a number of behaviours which indicate an imbalance of power between large and small retailers, government and independent retailers.

It would be useful to compare UK and Australian statistics on switching and socioeconomic drivers to see if low income customers were actively seeking cheaper energy pricing.

Inflating base bills with additional costs representing a prompt payment discount should not be applied to low income bills. Welfare agencies need to work with Retailers to manage an outcome that has 10% rather than the current 25% of the on-costed discount for low income consumers.

Price-Quality cost reductions in distribution costs (shared efficiencies) may not be transparently represented to customers on their electricity bills. Neither would customers be informed that a distribution charge reduction has occurred under the regulatory price-quality reset process, as retailers manage the customer relationship. Greater transparency to customers would assist their understanding of the industry. One exception is Flick who proactively advises distribution charge reductions.

16. *What are your views on the assessment of barriers to competition in retailing?*

No comment

Vertical integration

17. *What are your views on the assessment of vertical integration and the contract market?*

No comment

18. *What are your views on the assessment of generators' and retailers' profits?*

No Comment

Transmission

19. *What are your views on the process, timing and fairness aspects of the transmission pricing methodology?*

No comment

Distribution

20. *What are your views on the assessment of distributors' profits?*

Distributors are Price-Quality regulated so are unable to make excessive profits. They are encouraged, through regulation, to operate for the long term benefit of consumers.

This does require investment in asset replacement which will drive costs to ensure levels of service do not deteriorate from expected customer standards.

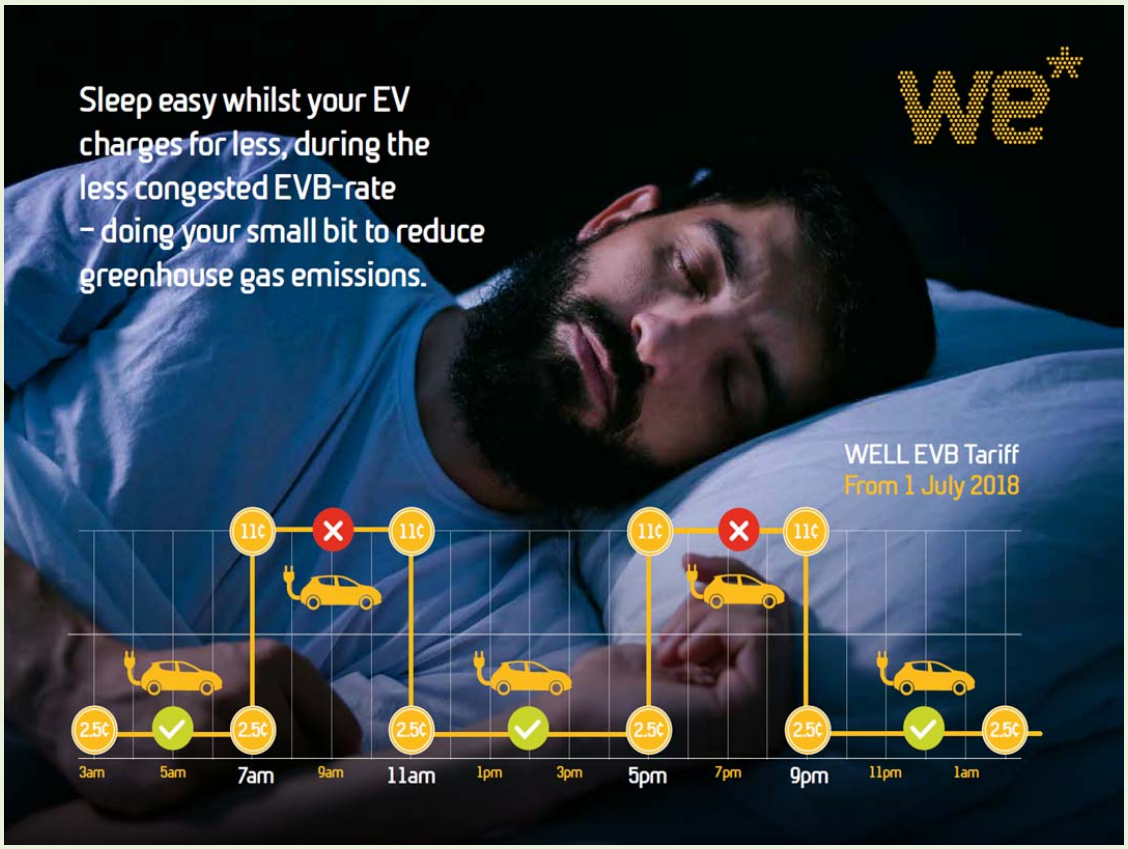
The report confirms that for most distributors, apart from a small number of trust owned businesses, profits have remained below the allowed WACC. The unregulated businesses exceeding the WACC return are locally owned by small community trusts.

21. *What are your views on the assessment of barriers to greater efficiency for distributors?*

The Price-Quality regulation encourages Distribution companies to be efficient.

Road maps have been established and shared with the EA on how Cost Reflective pricing will be introduced to consumer tariffs from 2020 onwards, sending clear price signals on customer behaviors expected at peak and off-peak periods.

EV's have been targeted with Cost Reflective signals and a 1yr trial was implemented on the Wellington network to establish, with a sample of 100 EV owners, a suitable cost reflective tariff. The result is provided in the slide below:



Regarding Distributors core systems, there is more commonality being developed and sharing of applications amongst the larger distribution operators. As these systems become more complex, they are likely to host smaller companies due to the investment required to deliver higher level of service to their customers.

Efficiency and reduced costs typically come with a greater economy of scale, particularly with infrastructure assets. Figure 24 in the EPR report outlines how scale is able to reduce Lines Companies operating expenses.

Limited access to meter data is a barrier to efficiency for distribution businesses. Poorly deployed "Smart Meter" systems have missed the opportunity for real time status of customers, not returning to supply, following a high voltage feeder restoration. Also quality of supply data for network and customer service analysis should be provided with no further cost to the customer (i.e. a Lines Business charged for this data (commercial terms) will recover these costs from consumers, putting up their prices). Privacy is not an issue providing data anomolisation occurs (noting specific network performance data will be icp or location specific).

We therefore support the suggestion of open access to metering data

Asset Management planning is moving to asset health & asset criticality. The 10yr horizon remains adequate provided AMP's consider the impact of integrating emerging technology. We are currently managing end of life assets installed in the 50's-60's so it is appropriate to consider the next 10 yrs carefully.

22. *What are your views on the assessment of the allocation of distribution costs?*

The 1990 dataset is questionable to its accuracy both in numbers and the fact that the vertically integrated organisation allocated its aggregated costs correctly.

A clearer picture, representing current market structures, occurs from 2004 onwards.

Cost changes are complex as commercial and industrial drivers have seen many manufacturing plants move overseas and smaller commercial businesses operate more efficiently through media and internet tools. Businesses came under further pressure to reduce their demand based on Transmission peak pricing – this saw the evolution of demand and capacity charging wrapped up into TOU tariffs. These price signals rewarded behavior of shifting operations away from peak demand periods.

The allocation of costs through “cost of supply” models continues and is largely tuned where cross-subsidisation has been eliminated. For a winter peaking network operating flat domestic tariffs, this will see winter evening peak demand recovery from residential consumers as commercial and industrials have largely reduced or curtailed their demand during the evening period.

The future will see introduction of TOU style tariffs for the residential sector and drive behavior for energy use into cheaper time periods where the network is less congested. This will also likely serve to further balance the allocation of costs between Commercial/Industrial and domestic users to ensure fairness and equity is maintained.

Pricing methodologies are part of information disclosure and open to full scrutiny and comment for allocation of costs, fairness and economic efficiency.

23. *What are your views on the assessment of challenges facing electricity distribution?*

Distribution business and service models will change with the introduction of new technology.

Open access to metering data will be required in real time as we manage the distribution platform to provide service to customers both for consumption as well as accepting generation and topping up or receiving energy from storage.

Similar to the DG Regs, EV’s will need to apply for acceptance onto the Distribution network so charging regimes can be considered to coordinate with existing network capacity and peak demand constraints.

New markets are likely to establish with Distributors role turning to System Operator (DSO) to ensure the LV systems are well managed, remain at a level of supply quality and set down constraint rules in order to avoid blackouts from too much demand or too much injection.

Summary of feedback on Part four

24. *Please summarise your key points on Part four.*

Retailers manage customer relationships which shapes the view of the electricity sector.

Inflating low income bills with prompt payment discounts should not occur

Transparency needed for customers when reductions in distribution costs occur.

Price – Quality regulation has maintained Distribution profits to be at or below regulated WACC levels.

Cost reflective pricing road maps have been submitted to the EA

EV Trial has introduced a cost reflective charging tariff in Wellington

Scale generally drives greater efficiency

Open access to meter data will lower barriers to efficiency for Distributors to deliver affordable services to customers

AMPs are considering new technology, asset health & asset criticality

Allocation of distribution costs removes cross-subsidization between Commercial/Industrial and Residential customers. However once Residential customers adopt cost reflective TOU pricing it is likely we will see further cost reallocation

New Tech will see DNO's (Distribution Network Operators) become DSO's (Distribution System Operators) in order to maintain quality of supply and coordinated services with customers' commercial sales and purchases.

Solutions to issues and concerns raised in Part four

25. Please briefly describe any potential solutions to the issues and concerns raised in Part four.

Open access for meter data to assist Distributors manage for customers real time supply quality and asset planning decisions

Shifting Residential customers to Cost Reflective pricing is likely to see a reallocation of prices

Welfare agencies and Retailers should work together to remove or limit the rate of on costing prompt payment discounts to low income family electricity bills.

Extend the DG Regs to allow Distributors to receive EV applications onto the network to consider impacts of charging and opportunities to facilitate storage and future DSO requirements to ensure a reliable supply and reinforcement costs are adequately targeted (causer pays)

The future will see introduction of TOU style tariffs for the residential sector and drive behavior for energy use into cheaper time periods where the network is less congested. This will also likely serve to further balance the allocation of costs between Commercial/Industrial and domestic users to ensure fairness and equity is maintained

Part five: Technology and regulation

Technology

26. *What are your views on the assessment of the impact of technology on consumers and the electricity industry?*

Technology is part of developing our infrastructure investment.

The market is likely to be most at risk of disruption as trades begin to occur across the LV distribution network.

Residential consumers will have the opportunity to commercialise their capital investments in home generation and storage.

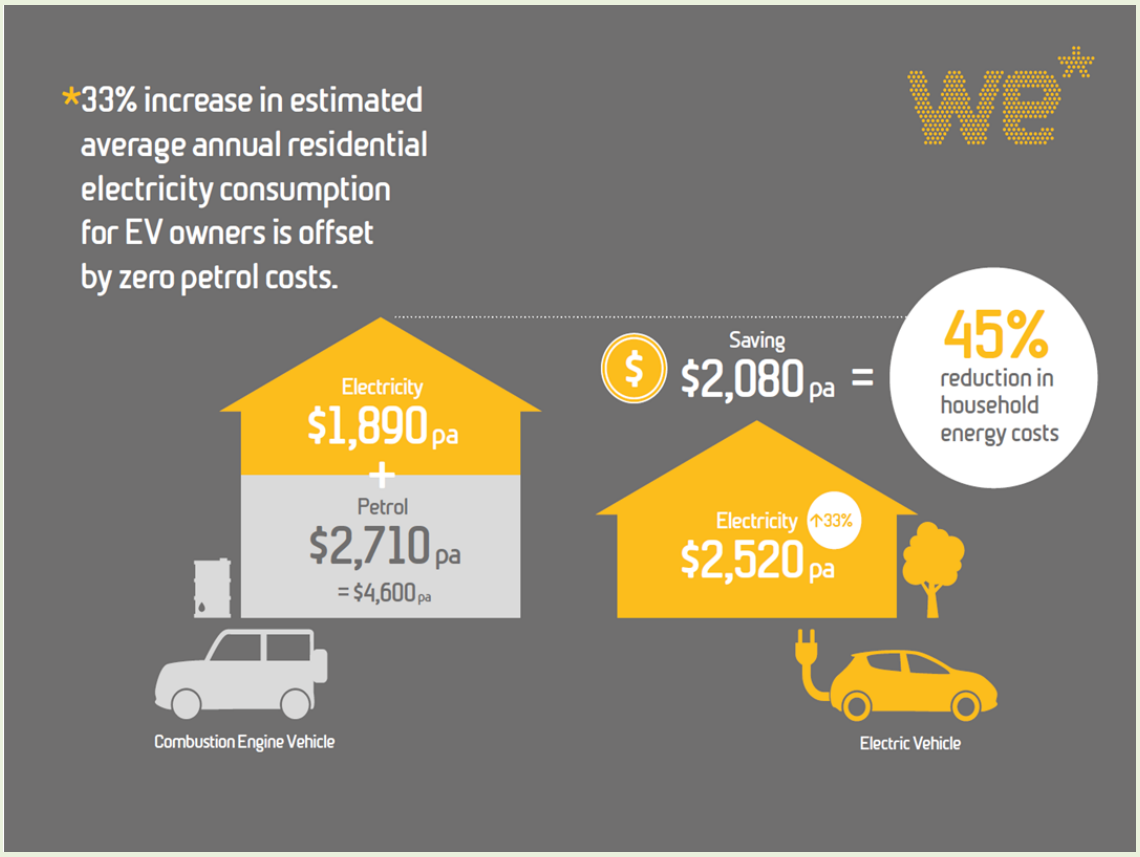
Low income users will be able to (targeted by aggregators) obtain low priced solar energy through secondary market trades. This is an opportunity for government welfare agencies as “retailer of last resort” to make cheaper energy available through a secondary market.

EV owners will charge off-peak and offer services to distributors to self-consume from their vehicles when contracted for EV support to lower network peak demand.

A new EV business model will develop which takes the EV costs and reduces it substantially, with recovery through the electricity recharging price, which will still be cheaper at a quarter to a half the current price of fossil fuel.

Hydrogen is likely to be a heavy transport fuel funded by fossil fuel emission reductions

Home owners using an EV and displacing petrol will enjoy the following price benefits:



27. *What are you views on the assessment of the impact of technology on pricing mechanisms and the fairness of prices?*

Cost reflective prices will reward consumers moving to less congested network periods and have customers using higher demand at the peak period paying their fair share.

This will create some winners and losers (85% - 15% respectively); however the welfare agencies working with the industry will be minded to provide packages which allow for peak demand reduction with short payback periods (insulation, lighting).

Hydrogen is likely to be developed and produced through electrolysis on the back of cheaper wind energy not targeted for hydro firming. NZ's wind resource is incredibly well placed to fuel heavy transport fleets operating between Wellington and Palmerston North as a logical trial. Further hydrogen fuel to Cook Strait ferry's is a natural progression, with the ferry's providing valuable resiliency for Wellington Electricity as a back up emergency supply to Wellingtons CBD (Ship to Shore generation).

Hydrogen will also become a storage fuel to assist with peak demand and dry year storage as systems develop to shift wind from hydro firming to Hydrogen firming. Existing wind farm infrastructure could accept additional hydrogen generation equipment placed at their existing sites.

New Technology is likely to decentralize the current central market model.

Connecting parked daytime EV's to solar is a blockchain opportunity

Open Access to Data will be a fundamental requirement to manage new technology in a way which maintains supply reliability and security.

It is likely that the interposed Distributor-Retailer-Consumer construct will come under pressure with the advent of load aggregators and a secondary market supported by a platform operator & DSO constraint rules

The ability to contract consumers to reduce peak demand from dispatched battery storage or shift recharging to higher capacity head-room periods will provide a contract for services which is much cheaper than investment in installing greater network capacity, potentially lowering additional network investment requirements.

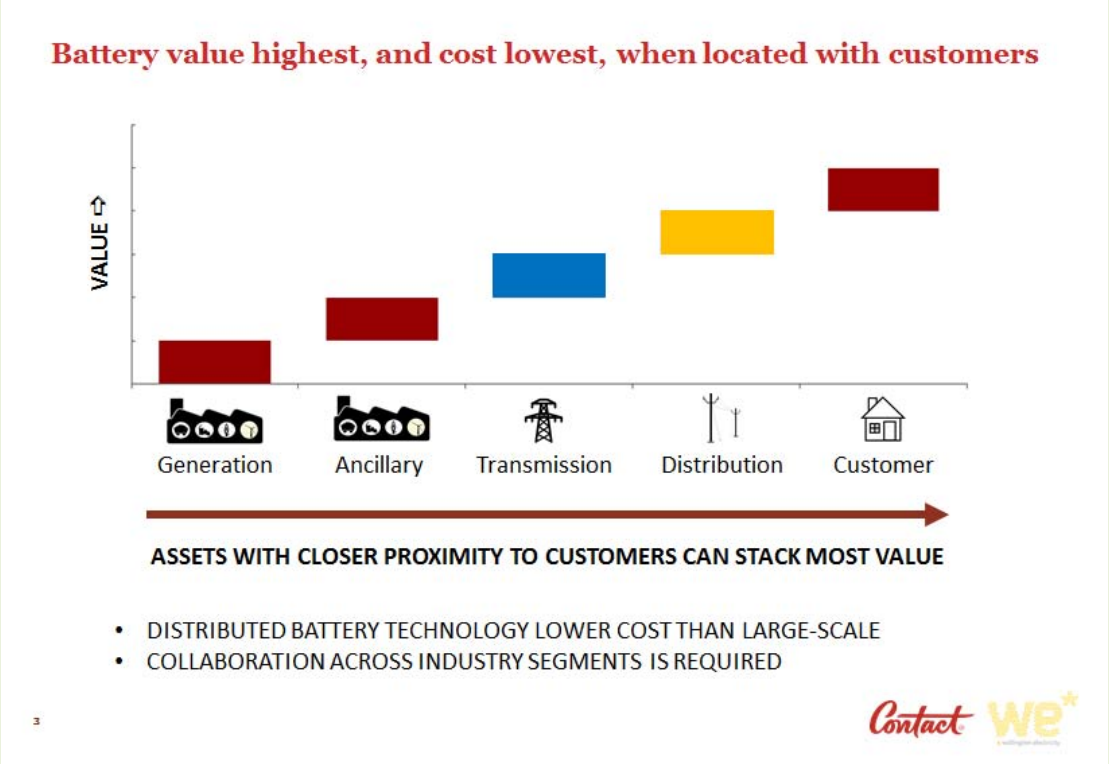
28. *What are your views on how emerging technology will affect security of supply, resilience and prices?*

Provided there is open access to data, then the adoption of new technology will allow Distributors, as platform operators, to set congestion levels which openly publish constraint conditions so customers, aggregators and retailers are aware of the current network limitations and opportunities for investment to further release the new technology benefits.

The cost reflective price will be more equitable to consumers who elect to not adopt new technology (as previously covered)

Improved reliability can occur through new technology with implementation of clear standards and operating boundaries in place and monitored. Constraint levels will need to be established, above which new technology would curtails or elect to pay for the additional capacity investment required.

Transpower are correct as are Contact, that grid connected batteries are more economic when connected close to the consumer. This has also been verified in a joint WELL-Contact collaborative trial of 30 Wellington homes fitted with Solar Battery units – this trial is 1yr into its 2yr period.



Solar does not scale well for reducing winter evening peak demand, unless, like our trial with Contact, it can be stored and released when the evening peak demand occurs.

Solar is also unhelpful when managing the evening demand which rapidly returns to the network, requiring high capacity availability for assets and generation ramp rates. This could build higher generation and asset investment price to market costs, which will be passed to consumers. It also brings gas generation into the equation to replace the declining solar generation at winter evening peaks. Solar has unintended winter peak consequences without adequate storage.

The Wellington lifelines study is contemplating some sharing of interdependency thinking with its water counterparts on how new technology can support the network and communities following a major event.

Regulation

29. *What are your views on the assessment of the place of environmental sustainability and fairness in the regulatory system?*

Agree that second and third tier regulation will be helpful to provide the flexibility needed for the uncertain future being contemplated by the introduction of new technologies.

From a Price Path perspective, there is some need for an additional allowance to cover the trial and proof of concept costs to ensure new technologies are fit for purpose. Otherwise, deferral of capex and opex for new technology investment may affect maintaining the current network reliability levels for existing consumers.

Regulators understand that prescription does not work well to incentivize innovation. Ofgem have set up funds for EDB's to trial new tech projects as there was no R&D occurring in the UK due to the prescription of Price-Quality rules. It would be useful to consider a similar approach in NZ for new technology trials.

Electrifying transport fleets is an achievable step for NZ using new technology to reduce carbon emissions, importation of fossil fuels and meet environmental sustainability targets.

Fairness is implicit in regulation as actions are judged against the standard of being in the long term benefit of consumers. The difficulty arises when this requires added investment and a customer price increase. Deferring traditional asset investment costs could risk a lower service or quality level (more interruption).

The utility nature of distribution treats all consumers equally, so we would rely on social welfare agencies (who have access to private customer information) to manage consumers who are experiencing hardship.

Targeting the winter energy payment to needs base rather than age base would provide higher social equity for those experiencing energy hardship.

30. *What are your views on the assessment of low fixed charge tariff regulations?*

Removal of the low fixed charge and replacing with a cost reflective tariff is appropriate. This will need to be coordinated to manage low income or energy hardship cases.

31. *What are your views on the assessment of gaps or overlaps between the regulators?*

The regulators need to be operating in a joined up manner to avoid additional costs to customers caused by duplication.

It is important that innovation is not stifled by regulation – for example, implementing a price cap would make cost reflective pricing ineffective at signaling customer behavior to shift demand to a less congested period, avoiding further network investment

Third Tier rules should be used to enable services not be used as a barrier to entry or for a small segment of the market to act in a similar non-competitive way to the potential threat presented by the monopoly which was ring-fenced away

32. *What are your views on the assessment of whether the regulatory framework and regulators' workplans enable new technologies and business models to emerge?*

New business models will emerge to support new technology operating across distribution networks.

The regulatory framework currently does not consider some of the new technology changes and should remain flexible for trials and developments to occur without the need to constrain them by current rules or attempt to set regulation which predicts an uncertain future.

33. *What are your views on the assessment of other matters for the regulatory framework?*

Consumers can be accommodated within the independent advice from the UDL framework which industry participants are required to be members.

Stakeholder Working Groups will assist Regulators view the future through industry eyes.

Separation of authority's developer and enforcer status is warranted as well as further ability for challenge of decisions (similar to Merits process with ComCom).

All distributors should be part of the price quality regime as we move into a more complex future.

Regulation costs need to be managed, but currently we should have reporting explaining how these costs have benefitted the consumer

IM's are generally regarded as an appropriate form of regulation, however this is sometimes not well understood when the EA implies costs for Distributors which are not part of allowances under the Commerce Commissions Price Quality regime.

Summary of feedback on Part five

34. *Please summarise your key points on Part five*.

Technology will continue to change the electricity industry and its interaction with consumers

Benefits for consumers are available with electrifying transportation provided the recharging occurs outside of network demand periods and there is EV visibility at each ICP for the Distributor (DG Regs format).

Hydrogen is likely to be used to fuel the heavy transport industry

Cost reflective pricing will assist new technology being equitable across all consumers.

Low income users, if managed with govt coordination, are likely to benefit from aggregation of new technology services.

Open access to meter data is essential for managing new technology impacts.

Networks need to outline constraints to new technology so customer investment decisions are efficient.

Regulation needs to be flexible and resist the attempt to guide the future but allow freedom for innovation to occur. An innovation fund would be helpful to provide allowances to invest and share proof of concept outcomes across the sector.

Govt Welfare agencies and retailers/distributors need to work together in a joined up manner to find solutions for low income and energy poverty customers in order to address the issue of fairness.

Winter energy payments should be needs based not age based.

The low fixed user tariff should be removed following an explanation of the benefits of cost reflective pricing is provided to consumer groups.

Regulators need to avoid duplication or unintended cost consequences to consumers or industry participants

UDL would be an ideal agency to provide independent consumer advice on industry issues to help educate customer agencies on better energy choices.

Separation of EA duties and opportunity to challenge on merit would be useful additions

Solutions to issues and concerns raised in Part five

35. *Please briefly describe any potential solutions to the issues and concerns raised in Part five.*

Benefits for consumers are available with electrifying transportation provided the recharging occurs outside of network peak demand periods and there is EV visibility at each ICP for the Distributor (DG Regs format).

Low income users if managed with govt coordination, likely to benefit from aggregation of new technology services.

Open access to meter data is essential for managing new technology impacts.

Networks need to outline constraints to new technology so customer investments remain efficient.

Regulation needs to be flexible and resist the attempt to guide the future but allow freedom for innovation to occur. An innovation fund would be helpful to provide allowances to invest and share proof of concept outcomes across the sector.

Govt Welfare agencies and retailers/distributors need to work together in a joined up manner to find solutions for low income and energy poverty customers in order to address the issue of affordability & fairness.

Winter energy payment should be needs based not age based.

The low fixed user tariff should be removed following an explanation of the benefits of cost reflective pricing is provided to consumer groups.

Regulators need to avoid duplication or unintended cost consequences to consumers or industry participants

UDL would be an ideal agency to provide independent consumer advice on industry issues to help educate customer agencies on better energy choices.

Separation of EA duties and opportunity to challenge on merit would be useful additions

Additional information

36. *Please briefly provide any additional information or comment you would like to include in your submission.*

No comment