



Eastland
Network

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Submissions
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To Whom It May Concern

Submission on Default Distribution Agreement

Eastland Network Limited appreciate the opportunity to submit on the consultation for the proposed introduction of a Default Distributor Agreement.

If you have any questions regarding this submission please contact

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Background

Eastland owns and operates the electricity distribution network located in the East Coast of the North Island. Eastland is 100% owned by the Eastland Community Trust with the Gisborne District Council as the capital beneficiary of the trust.

Eastland distributes approximately 300 GWh of electricity to approximately 25,500 consumers of which almost two thirds are located in Gisborne City and Wairoa township. The remaining consumers are widely dispersed across two isolated networks covering approximately 12,000km². This results in an overall consumer density of 7 connections per circuit km, less than the industry average of 13 connections per circuit km and the industry median of 9 connections per circuit km. Eastland has considerable diversity across the network, with rural connection density less than 3 connections per km, and urban connection density approximately 25 connections per km.

We have experienced little growth for the past decade, as most of our consumers are domestic users, and many of them with relatively small consumption. A significant proportion of our revenue is recovered via variable tariffs. In addition, our network supply area is one of the lowest socio-economic regions in New Zealand, and this is reflected in low energy consumption growth due to resistance to retail electricity prices.

On 31 March 2015, Eastland Network acquired the Transpower spur assets between Tuai - Gisborne, Tuai - Wairoa and Gisborne - Tokomaru Bay.

Eastland Network are very supportive of the submissions made by the Electricity Networks Association and of PWC on behalf of a number of Distributors. Eastland would also recommend the removal of the Service Guarantee Payments on pages 54-57 of the DDA Template. In our experience, these payments have been difficult to manage and the costs of administering these payments was well in excess of the benefits received by consumers.

Yours sincerely



Brent Stewart

General Manager - Networks

