

31 July 2024

Electricity Authority

By email: [DDA@ea.govt.nz](mailto:DDA@ea.govt.nz)

Tēnā koe,

## **Follow-up consultation paper - Proposed changes to the default distributor agreement**

We appreciate the opportunity to provide feedback on the Electricity Authority's consultation paper *Follow-up consultation – proposed changes to the default distributor agreement* dated 2 July 2024.

We support the Authority's proposal to introduce, as a new core term, clause 9.11 (Reduction of charges due to state of emergency) to the template DDA, subject to the points of clarification set out by the Electricity Networks Aotearoa in its submission on the follow-up consultation paper.

We remain firmly of the view that the costs associated with the proposed change to clause 9.10 (Refund of charges due to electricity supply interruption) of the template DDA far outweigh the benefits to consumers of receiving refunds. The Authority in paragraph 2.1 of the follow-up consultation paper comments that consumers should not pay for electricity supply they do not receive. However, the provision of lines services does not stop during an outage and in many instances will increase as we look to restore power. Also, the costs associated with the proposed change, such as implementation, monitoring and processing refunds, will ultimately fall to consumers, meaning there is no net nor long-term benefit to consumers. At most, the proposed change affords temporary relief for individual consumers at the cost of all consumers.

In the event the Authority decides to continue with the proposed change to clause 9.10 we urge the Authority to amend the drafting so that the reduction only applies if a refund has been requested by the relevant retailer. That would provide us with some comfort that refunds will only be requested where there is a net benefit to consumers. Also, we submit that "three complete days" is more appropriate than the proposed "24 hours" threshold to align with the registry and market reconciliation and settlement systems.

We are concerned that, under the proposed new clause 12A.6 of the Code, retailers would not be required to pass through full refunds to their customers but, rather, would be entitled to retain up to 50% of any refund for administration costs. The pass through of distribution charges is a core function of retailers and should include, at no additional cost, the pass through of a refund of distribution charges.

We support the ENA's proposal for an additional clause 12A.7 that clarifies that retailers must not charge fixed charges for the duration of an extended outage.

We suggest a minimum threshold applies below which the use of money adjustment is not required on the basis that the benefit would be outweighed by the administrative burden and cost to both parties.

We support the ENA's answers to the Authority's questions in the follow-up consultation paper.

If you have any questions about our submission, please contact Nathan Hill, Regulatory Advisor, at [nathan.hill@powerco.co.nz](mailto:nathan.hill@powerco.co.nz).

Nāku noa, nā,



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