

----- Original message -----

From: Allen Davies <allen.davies38@gmail.com>

Date: 20/12/16 7:25 PM (GMT+12:00)

To: Graeme J Peters <gpeters@electricity.org.nz>

Subject: New Pricing Options for Electricity Distributors

Firstly let me say that the consultation document is well presented and well researched, I would like to offer my congratulations to those who have assembled it.

My main input is based on the people I represent which is the older residential consumer.

At the same time I believe we have to be realistic as to what is happening in the industry and to accept the changes in technology that are advancing on as at an increasing rate, which also means changes to the way we are charged for our electricity.

One of the difficulties the distributors will have is getting the retailers to implement some of the most desirable changes to the benefit of both the distributor and the consumer and the reason for that is the lack of transparency in the way most of them are billing the consumer. With most retailers the consumer has no idea what their network charges are because everything is lumped together, this is where one retailer Pulse with their Grey Power Electricity tariff have given full transparency to all charges and pass through the Network charges without addition or alteration.

As the spokesman for the Grey Power Federation Energy National Advisory Group I have received requests from some of our Associations to lobby the Minister of Energy to make it compulsory for all retailers to introduce full transparency, the reason for this is that some of Grey Power's members are locked into contracts or are on embedded networks where Pulse has not signed a Use of System Agreement because of the costs involved in doing so for a possibly small number of consumers. This request clearly shows the desirability of our members to have clear and transparent accounts, which has been opposed by other players as not wanted, not needed, confusing and any other reason not to do it. Well it has become very clear to Grey Power that our members want it and when it was first introduced members could not believe all those charges on the account and many said, "I have never paid for that before", but they very quickly came to understand they had been, but it had been concealed from them. We are approaching 19,000 customers with Grey Power Electricity and it continues to grow at a steady pace, we believe that the Distributors need to tell all the retailers to produce fully transparent accounts and to stop adding a bit for themselves on the network charges and that Electricity Authority need to step up to the plate and support this, competition in the retail sector is suffering because of this lack of transparency and the implementation of new tariffs will suffer if this not actioned.

Now onto your consultation document.

Time of Use pricing is something that we fully support and it must be clear and accurate and give consumer choice of when to use and not use, the three step proposal is the way to go.

Demand pricing is also supported, this will require clear communication and education for consumers to understand, but we see this as a fair way of distributing the costs of maintaining the networks. Network Demand appears to be the most appropriate method, with annual demand measurement rather than monthly and with the increase in Distributed Generation appearing on the networks this would be the fairest way of ensuring that those owners are paying their fair share, because at 7.00 pm mid-winter they will be setting a demand on the system which they need to pay for.

Capacity pricing, if the above two are used in combination I cannot see any benefit in capacity as such, a consumers demand sets the required capacity and is charged for accordingly. We particularly do not agree that the use of the fuse size should be used to determine capacity, the fuse is safety device and even HRC fuses are still a crude way of controlling capacity, should by any chance the fuse blow the consumer will be without power, the fuse should be of the appropriate size to protect the lines into the premises for which fuses were designed and not a capacity measurement. In industrial situations where a transformer is installed yes the capacity of that transformer can be used to

determine capacity. I recall the request for 1000 kVA transformer based on the consultants calculations to be installed at a swimming complex, but actual demand ended up closer 500 kVA, they should have been charged on capacity but were only charged on demand.

Metering, the sooner everyone has an advanced meter installed the better, times are changing and so is pricing and the best way to ensure accurate and flexible pricing is via an advanced meter, people should not have a choice in this.

Billing, retailers need to get their act together on this if Grey Power Electricity can provide fully transparent billing all retailers should, no excuses. I can see why TLC went to direct billing which of course is an additional cost for the consumer, but at least they know what they are paying for.

It has taken sometime to read through your consultation paper, because I find it very difficult reading this much online, but again I must congratulate you in the way it has been prepared, researched and presented.

Allen Davies
Chair Grey Power Federation Energy National Advisory Group.