



SUBMISSION BY
GENESIS POWER LIMITED

ON

Electricity Information Disclosure Discussion Paper
24 December 2004

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To: Network Performance Group
Commerce Commission
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Wellington

Date: 23 February 2005

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Background

1. Genesis Power Limited (trading as Genesis Energy) welcomes the opportunity to provide comment to the Commerce Commission's Review of the Information Disclosure Regime discussion paper.
2. Genesis Energy is a state-owned enterprise with a diverse electricity generation portfolio and is one of New Zealand's largest energy retailers. We operate 1,640MW of electricity generation including New Zealand's largest thermal power station at Huntly, hydro stations at Tongariro and Waikaremoana, a wind farm in the Wairarapa and cogeneration facilities at large industrial sites. As a retailer, Genesis Energy has approximately 644,000 electricity and gas customers located predominantly in the North Island. Genesis Energy has a 31% equity interest in the Kupe oil and gas field and a 40% equity stake in the Cardiff deep gas prospect, and

recognises the importance of oil and gas to the New Zealand economy now and into the future.

3. Genesis Energy's comments focus on the Performance Measures and Statistics and Other Disclosures sections as these are most relevant to what we perceive as our role representing end-consumer interests.
4. Genesis Energy provided a submission to the Commission's earlier 2004 paper on Draft Information Disclosure Requirements, and the comments therein remain relevant to this current discussion paper.

Performance Measures and Statistics

5. While we support the thrust of the Commerce Commissions proposals to use the Information Disclosure regime to measure the principal aspects of economic efficiency, we believe "headline" performance measures need developing to provide meaningful information to end-consumers in relation to their installation.
6. In developing "headline" performance measures in this way, the Commission is supporting the quality threshold of the Targeted Control Regime for Electricity Lines Businesses enabling end-consumers to determine for themselves their own price-quality trade-off.
7. This will enable consumers to engage more meaningfully with their lines company under the "consumer engagement" criterion of the quality threshold.
8. We believe that the reliability measures required for this are largely in place but too aggregated to be of use to end-consumers and others with an interest in electricity lines business performance. Accordingly, we concur with the second bullet of paragraph 352 that disclosures related to reliability be at feeder rather than system level i.e. Feeder Average Interruption Duration Index ("FAIDI") and Feeder Average Interruption Frequency Index ("FAIFI").
9. We note that the Service Standards schedule of the Model Distribution Arrangements Project's Model Use of System Agreement specifies service in terms of FAIDI and FAIFI. While this agreement is not currently in full use, electricity lines businesses were involved in the working group that developed the agreement, confirming the feasibility of feeder level disclosures and an implicit acceptance of the need to move to this.
10. We believe the aggregated form of disclosures is the biggest issue jeopardising consistency of the current information disclosure regime. Disaggregating information will to some extent alleviate this, however any disaggregation will need to be tightly specified otherwise a problem of consistency, albeit in a different form, will appear in this disaggregated dimension.
11. Currently, aggregating information disclosures applies to different geographic areas, as well as to assets within a particular area. We recommend both dimensions be disaggregated.

12. To enhance usability of reliability disclosures we further recommend that feeders be grouped into classes with end-consumers able to assess the quality of service received for the feeder their installation is on against that received by other consumers on the same class of feeder. Most major electricity lines businesses already group feeders by class for Asset Management Plans suggesting this is a feasible approach.
13. However current classification of feeder classes may have limited comparability between lines businesses. We believe standardisation of feeder classes across lines businesses would enable consumers to obtain a wider assessment of service quality.
14. Access via the internet to this information is likely to enhance its utility to end-consumers. For example, we envisage consumers can on the relevant lines businesses web page, type in their ICP number and be given a comparison of service quality on 'their' feeder to other feeders of like class, together with other relevant service quality statistics.
15. We believe that if disclosures are at feeder level and on a basis more frequent than annually (say, monthly) some of the issues of abnormal events and conditions affecting statistics would be alleviated.
16. However if any adjustment process as discussed in the first bullet point of paragraph 351 is permitted, it needs to be tightly specified and audited.
17. Genesis Energy can attest from its own experience with consumers that momentary interruptions (<10 seconds) can detract from customer service quality. Accordingly, we would ask that a future information disclosure regime allow for the disclosure of a Momentary Average Interruption Frequency Index ("MAIFI").
18. Of the three dimensions of quality identified by the Commission in paragraph 341, supply quality dimension is clearly underrepresented in the current disclosure regime. Genesis Energy can affirm through its dealings with industrial customers the importance of supply quality to them. Accordingly, we would ask that any future information disclosure regime provide for adequate disclosure in the area of supply quality. Details associated with this can be formulated in subsequent iterations of this work. It is important that any disclosure regime associated with supply quality needs to produce output useful to end-consumers.
19. Genesis Energy would strongly endorse the need to improve disclosures by lines businesses related to customer service. For example, the Electricity Complaints Commissioner scheme is exacting in the costs that a retailer can bear in relation to a consumer complaint. Often resolution of complaints involves interactions with lines businesses so that greater information disclosures by lines businesses in this area will encourage them to develop more rigorous complaints processes.
20. We suggest that lines businesses be required to disclose the number of complaints they receive direct and average resolution timeframes and the number of complaints escalated from a retailer and average response time with a resolution to the retailer. While this may need further refinement, we believe there is sufficient specification in the Electricity Complaints Commissioner scheme for disclosures to be feasible.

Asset Management Plans (AMP)

21. Our analysis of AMPs has found the quality of these quite variable with some networks clearly taking pride in producing an informative document while others producing the minimum to comply with regulations. This variability in Asset Management Plan quality leads us to believe that the specifications relating to them need to be tightened up. In line with the Commission's own comments, we believe an informative AMP provides a key information source to assess quality of service and network performance and future developments in these.
22. We suggest that the disclosure of the location of assets down to at least sub-transmission and zone substation level of the network, tables showing all zone substations with details of transformer capacities, maximum loadings, projected load growth and maps or diagrams of the sub-transmission systems need to be mandatory. In essence we believe end-consumers should be able to discover (via the network company website) the connection path (ie sub-transmission feeder, zone substation, 11kV feeder) to their premises, so that they can then interpret quality reporting in relation to their own supply.
23. To ensure a consistent picture of network asset development, we suggest that it be mandatory, where there are changes in information disclosed between each year's AMP, that there be adequate reconciliation and explanation of these changes.

General Comments

24. As noted in our comments on AMPs, we believe that there is variability in quality of disclosures under the current disclosure regime which very likely extends to statistics on reliability performance measures.
25. As such, we strongly endorse the use of templates where possible so as to give consistency of information disclosure - an issue Genesis Energy believes seriously undermines the utility of the current information disclosure regime. We also suggest that disclosures be independently audited to ensure compliance.
26. As alluded to in paragraph 13 of this submission, we suggest that selected quality disclosures on a basis more frequently than annually, will enhance their usefulness.
27. Genesis Energy also believes there needs to be a rigorous enforcement regime to ensure compliance with information disclosure requirements which may extend to the need for penalties for breaches of the regime.
28. Genesis Energy would ask the Commission to consider including two further dimensions to the any future information disclosure regime. One relating to the ring fencing of transmission and the other the use of lines for non-power transport revenue.
29. We believe to ensure consumers are being treated equitably with transmission charges, specific disclosure of transmission costs and charges be mandated so that the net revenue balance is disclosed.

30. Technological developments associated with electricity lines, in particular the use of electricity lines for communication technologies, will likely see substantial growth in non-power revenues on electricity lines. We believe the information disclosure regime needs to be prepared in advance for this development.
31. Therefore to ensure that there is no ‘double-dipping’ on asset returns and that end-consumers share in the benefits where lines are utilised for non-power transport purposes, we suggest the disclosure of non-power lines revenue in some meaningful format be mandated.

Conclusion

32. Genesis Energy believes for consumers to engage effectively with their lines business with respect to a price/service quality trade-off, the information disclosure regime needs to empower them with relatively simple and accessible “headline” performance data.
33. Accordingly, disaggregating to feeder level of key reliability and supply quality statistics and the use of feeder classes to enable comparability with similar end-consumers – not only across their own lines businesses’ network but across the same class of feeder on other networks will lead strengthen end-consumers ability to engage with electricity lines businesses.