



Energy Efficiency and
Conservation Authority
Te Tari Tiaki Pūngao

11 September 2009

John Hamill
Manager
Network Performance Branch
Commerce Commission

Dear John,

EECA submission on the information disclosure discussion paper

We welcome the opportunity to comment on the Commerce Commission's information disclosure discussion paper.

EECA's submission focuses on the application of Section 54Q of the Commerce Act 1986 to information disclosure regulation for lines companies. Section 54Q requires the Commerce Commission to promote incentives, and avoid disincentives, for energy efficiency and demand side management under Part 4A of the Act.

In our submission we argue that information disclosure regulations should be used where possible to provide incentives (albeit indirectly) for investment in energy efficiency, demand side management and network energy loss reduction.

Kind regards,

Steve Torrens
Senior Policy Analyst



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EECA submission on the information disclosure discussion paper

Asset Management Plans

With respect to Questions 29, 62 and 101 in the discussion paper:

We support the Commission's review of lines companies' Asset Management Plans (AMPs) including an assessment of energy efficiency, demand side management¹ and network energy loss reduction. We expect that this will provide indirect incentives for lines companies to invest in, or otherwise encourage, these activities.

We suggest that the Commission's AMP review should also consider distributed generation of all sizes² and the extent to which:

- Investments to accommodate distributed generation are planned and efficient, so as to reduce barriers for this type of generation; and,
- Distributed generation is being considered as an efficient alternative to network investment.

To facilitate the Commission's AMP review, we suggest that AMPs should include details on policies and planned expenditures on energy efficiency, demand side management, network energy loss reduction and distributed generation initiatives.

We also suggest that AMPs should clearly identify opportunities for deferring planned network investments, including the likely value of deferring these investments. This will support the use of 'controllable load contracts' where a lines company enters into a contract with a load aggregator or distributed generator to provide controllable load or generation for the purposes of deferring network investment. We note that controllable load contracts are included in the Electricity Commission's proposed model distribution pricing methodology³.

Pricing

We suggest that the Commission could also review pricing and related disclosures to assess the extent to which pricing encourages energy efficiency, demand side management and distributed generation. For example, the Commission could consider the extent to which:

- Prices signal periods of network congestion and the costs of expanding the network to relieve congestion (thereby encouraging consumers to invest in demand side management); and,
- Lines companies offer controllable load contracts or similar mechanisms.

¹ Where demand side management includes energy efficiency, load management or demand response, fuel switching and on-site distributed generation.

² Not just on-site generation that could be considered a type of demand side management

³ Electricity Commission. (2009). *Distribution pricing methodology, consultation paper on a model approach*. Page 51-52 and Page 56.