

30 June 2023

Electricity Authority  
PO Box 10041  
Wellington 6143.

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

## **Submission to the Electricity Authority on Benchmark agreement and SRAM related Code changes**

Electricity Networks Aotearoa (ENA) appreciates the opportunity to make a submission to the Electricity Authority on its consultation paper on *“Benchmark agreement and SRAM related Code changes”*.

ENA is the industry membership body that represents the 27 electricity distribution businesses (EDBs) that take power from the national grid and deliver it to homes and businesses. ENA harnesses members’ collective expertise to promote safe, reliable and affordable power for our members’ customers.

The EDBs of New Zealand own and maintain over 150,000 km of electricity lines across the country. This critical national infrastructure supports the day-to-day wellbeing of New Zealanders and is vital to the functioning of the economy.

The consultation paper noted that implementation of the SRAM is likely to impose additional costs on Transpower (estimated at \$1.15 million). ENA notes that the Commerce Commission has indicated that Transpower cannot be funded for conducting SRAM allocations through the Commission’s regulatory revenue-setting process and must be funded from unregulated revenue.

ENA supports the recovery of the SRAM implementation cost by Transpower and the amendment of the benchmark agreement to achieve this. The payment of settlement to Transmission customers net of administrative costs is also supported.

ENA believes that EDBs should also be permitted the same consideration and be required to only pass the settlement residual net of both Transpower and EDB administrative costs on to customers.

The Code requirements for EDBs to pass through settlement residual rebates to their customers do not apply to embedded networks. It is not appropriate and not in the long-term interest that embedded networks are not subject to the same pass-through obligation imposed on EDBs.

Without clear guidance from the Code on the approach to SRAM passthrough to embedded networks EDBs have had to make these decisions based on individual circumstances, including the number and scale of embedded networks, billing and contractual relationships with and the practical consideration of the complexity calculations and payment of SRAM to the embedded networks.

ENA supports the expanded pass-through option outlined in the consultation paper. This option recreates a level playing field for embedded networks, EDBs and customers direct billed by EDBs. The third option “exclude embedded networks” – is also appropriate, however, it is likely to be difficult to implement from an administrative efficiency perspective. As noted above ENA believes that the status quo is not appropriate and not in the long-term interest of consumers.

Please don't hesitate to get in touch with ENA if you'd like to discuss our submission. Contact Keith Hutchinson (keith@electricity.org.nz, 021 0849 9419) in the first instance.

Yours sincerely

Keith Hutchinson  
Regulatory Manager

## ENA Members

Electricity Networks Aotearoa makes this submission along with the support of its members, listed below.

Alpine Energy

Aurora Energy

Buller Electricity

Centralines

Counties Energy

Electra

EA Networks

Firstlight Network

Horizon Energy Distribution

Mainpower NZ

Marlborough Lines

Nelson Electricity

Network Tasman

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