



13 October 2011

Submissions
Electricity Authority
PO Box 10041
Wellington 6143

Mighty River Power Limited
Millennium Centre
602 Great South Road
Ellerslie 1051
Private Bag 92008
Auckland 1142

Phone: +64 9 580 3500
Fax: +64 9 580 3501
www.mightyriverpower.co.nz

by email

submissions@ea.govt.nz

Ref: Criteria for assessing alignment against the Information Disclosure Guidelines and Pricing Principles

Introduction

1. Mighty River Power (MRP) welcomes the opportunity to respond to the Electricity Authority's Consultation Paper: Criteria for assessing alignment against the Information Disclosure Guidelines and Pricing Principles, issued on 06 September 2011. No part of the submission is confidential and MRP is happy for it to be publicly released. Our response to the relevant questions is detailed below.
2. MRP's information is obtained from the pricing principles that are set out in Section 6 of the executive summary of the document "Distribution Pricing Principles and Information Disclosure Guidelines" dated December 2009 (dated on EA website 20/10/2010)

Comments

Question 1 - Do you consider the type of analysis suggested is appropriate given the pricing principles, and are there important aspects which have been omitted?

3. In MRP's view neither the consultation document nor the Concept report adequately addresses principle (e) [the impact of transaction costs on retailers] as applicable to mass market pricing. Section 6.3 of the Concept report does not explicitly reference any

of the principles and in addition Section 3.4.6.b.iv of the consultation document refers to principle (e), but there does not appear to be any analysis that is relevant to it.

4. MRP finds this surprising in the light of the fact that Powernet was one of the chosen sample distributors, and their system of fragmented pricing codes and individual mass market pricing is a considerable contestability issue for retailers.
5. MRP has no suggestions as to how (e) might be evaluated but Concept could possibly provide some feedback.
6. MRP is generally comfortable with the Pricing Principles but a key issue that has been the focus of much of the discussion and debate is extract 2.1.3 (The Authority has considered submissions on the above and, in its August 2011 consultation paper, has confirmed that it intends to progress with proposals (a) and (b) above. Proposal (c) has been updated such that distributors using ICP pricing will be required to invoice retailers using an “as-billed normalised” approach unless both parties agree on an alternative approach), MRP feels that we should not restrict ourselves to “as- billed normalised” approach as was stated in previous submissions.

Concluding remarks

7. If you would like to discuss any of our comments directly with MRP please do not hesitate to contact me on 09 580 3844 or ailen.rodger@mightyriver.co.nz or alternatively contact Elizabeth Griffiths, Pricing Strategy Manager on 09 580 3655.

Yours sincerely



Aileen Rodger

Compliance and Process Improvement Manager