



21 December 2012

Dr Brent Layton
Chair
Electricity Authority
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Dear Dr Layton

Proposal to amend Electricity Industry Act 2010 to enable collection of fees

1. Introduction

Wellington Electricity Lines Limited (**WELL**) welcomes the opportunity to make this submission to the Electricity Authority (**Authority**) on its consultation paper "Proposal to amend Electricity Industry Act 2010 to enable collection of fees" published on 23 November 2012.

2. Authority's proposal

At present the Authority's costs for performing its statutory functions are recovered through an annual industry levy on electricity industry participants.

WELL understands that the Authority is proposing to amend the *Electricity industry Act 2010* (**Act**) to enable it to charge fees for certain (unspecified) services. This would mean that the annual industry levy would be reduced by the amount recovered through fees.

Notably, the consultation document does not set out the Authority's intentions or proposals regarding which services would likely become subject to fees instead of the levy.

3. Recovery of levy costs under Price-quality Path regulation

Electricity Distribution Businesses (**EDB**) are currently able to pass through to customers the full costs of the Authority's annual levy. This is provided for under the Commerce Commission's Input Methodologies applying to default and customised price-quality regulation.

WELL is concerned that the Authority has not confirmed that any fees charged to EDBs under its proposal will be able to be fully recovered by EDBs in the same way that the levy costs are currently.

WELL recommends that the Authority engage with the Commerce Commission under its Memorandum of Understanding to ensure that any fees charged to EDBs by the Authority will be fully recoverable under default and customised price-quality regulation.

4. Closing

WELL appreciates the opportunity to make this submission and would welcome the opportunity to discuss with the Authority any of the matters raised. Please do not hesitate to contact Megan Willcox, Senior Policy Analyst, Regulation, on (04) 915 6126 or mwillcox@welectricity.co.nz if you have any questions.

Yours sincerely



Greg Skelton
Chief Executive Officer
Wellington Electricity Lines Limited