



# MAJOR ELECTRICITY USERS' GROUP

2<sup>nd</sup> June 2015

Peter Allport  
Chair  
Retail Advisory Group  
By email to [submissions@ea.govt.nz](mailto:submissions@ea.govt.nz)

Dear Mr Allport

## RAG – Secondary Networks Review

1. This is a submission by the Major Electricity Users' Group (MEUG) on the Retail Advisory Group issues and options paper<sup>1</sup> Review of secondary networks dated 21<sup>st</sup> April 2015. MEUG members have been consulted in the preparation of this submission. This submission is not confidential.
2. Responses to relevant questions in the consultation paper follow. We have not considered questions on actual experiences of secondary network owners, connected parties or retailers seeking to supply customers connected to a secondary network because MEUG has no direct experience in those activities.

Question	MEUG response
Q3. Please comment on the issues identified with customer networks, embedded networks and network extensions. Please provide evidence where possible	The discussion in paragraphs 3.1 to 3.4.4 on issues mentioned by various parties and possible other issues is useful. Without changes it's likely other issues would arise. Having said that we acknowledge that even given the uncertainty on the requirements of participants there has in some cases been a desire to streamline processes resulting in many pragmatic secondary network arrangements that benefit all parties. It also appears in some cases parties have exploited those uncertainties and gaps in the regulatory environment to the detriment of some consumers and without regulatory changes will continue to do so.

<sup>1</sup> Document URL <http://www.ea.govt.nz/dmsdocument/19321> found at <http://www.ea.govt.nz/development/work-programme/retail/competition-and-efficiency-on-secondary-networks/consultations/#c15233>

Question	MEUG response
Q4. Please comment on the description of the problems relating to reduced competition, efficiency and reliability of supply.	The RAG analysis seems reasonable.
Q5. Do you agree that a default embedded network UoSA will promote retail competition by making it easier and less costly for retailers to supply consumers on embedded networks? Please give reasons for your view	Yes and this is consistent with the MEUG submission <sup>2</sup> to the EA, "Consultation Paper – More Standardisation of use-of-system agreements" 20 <sup>th</sup> May 2014.
Q16. Do you agree that the adoption of a default embedded network UoSA will enhance retail competition on embedded networks? Please give reasons supporting your answer.	MEUG agrees, subject to one caveat, with the statement in paragraph 5.1.38 "In summary, the dynamic efficiency benefits from adopting a default embedded network UoSA are expected to be larger than any potential dampening of dynamic efficiency from adopting such an arrangement." The caveat is that evidence may emerge from other submitters to require a re-think of this conclusion. If no evidence emerges then the Electricity Authority should further consider adoption of a default embedded network UoSA.

3. MEUG looks forward to the RAG consideration of submissions and next steps towards resolving these important policy issues affecting some end customers connected to secondary networks.

Yours sincerely



Ralph Matthes  
Executive Director

<sup>2</sup> [http://www.meug.co.nz/system/files\\_force/2014-21%20MEUG%20to%20EA%20More%20standardisation%20of%20use-of-system%20agreements%2020-May-14.pdf?download=1](http://www.meug.co.nz/system/files_force/2014-21%20MEUG%20to%20EA%20More%20standardisation%20of%20use-of-system%20agreements%2020-May-14.pdf?download=1)