

28 February 2022

Submissions
Electricity Authority
Level 7, Harbour Tower
2 Hunter Street
Wellington

Via email: network.pricing@ea.govt.nz

SUBMISSION ON SETTLEMENT RESIDUAL ALLOCATION METHODOLOGY

The Electricity Retailers' Association of New Zealand ('ERANZ') welcomes the opportunity to provide feedback on the Electricity Authority's consultation paper 'Settlement Residual Allocation Methodology: principle, options and pass-through' from January 2022.

ERANZ is an industry association representing companies that sell electricity to kiwi households and businesses. Our members supply over 90 per cent of New Zealand's electricity. We work for a competitive, fair, and sustainable electricity market that benefits consumers.

ERANZ supports the Authority's "... initial view is that distributors should pass their [settlement residual] rebates through to their customers each month, using distribution charges as an allocator". While the value of the rebate is dependent on the choice of SRAM methodology, the principle remains that distributors should pass their rebate through to the ultimate end customers.

ERANZ supports implementing the distributor pass-through requirement as soon as possible in order to bring about the benefits more quickly. This is the most economically efficient arrangement. We note Sapere's research, attached to the consultation documents, states any distortion in line and energy prices could potentially impact consumer choices about fuel types, particularly as New Zealand transitions to a new, low emissions economy.

ERANZ thanks the Authority for its work on this issue and is happy to provide any further information as required.

Yours sincerely



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