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Commerce Commission

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Re: Open Letter: Ensuring Our Approach to Price Paths Is Delivering for Consumers

Utilities Disputes Limited | Tautohetohe Whaipainga (UDL) welcomes the opportunity to comment on the Commerce Commission's (Com Com) discussion paper, *Open Letter: Ensuring Our Approach to Price Paths Is Delivering for Consumers (Price Paths Open Letter)*.

This submission may be published and does not contain any confidential information. UDL acknowledges the *Price Paths Open Letter* is the beginning of an ongoing conversation, and there will be other opportunities to comment.¹ The core points of this submission are:

- A. That the distribution default price-quality paths reset (DPPR) should aim to set out:
 - a pricing structure that encourages innovation by maintaining downward pressure on prices.
 - information disclosure that supports and expedites new projects.
 - practices that encourage new technologies based on renewables.
 - practices that are cost-effective and ensure the long-term resilience of the network.
- B. These aims are not exclusionary, and any final plan will require a balancing of each.
- C. The DPPR will require a 360 review of all elements of the network inclusive of: projected network health; renewables; digitalisation of the network; and fit for purposes business practices.
- D. Central to the success of the DPPR will be data provision and information disclosure to consumers and/or businesses. UDL has raised with the Electricity Authority (EA) concerns about the apparent uneven practices among distributors concerning fees and their basis for charging. Therefore the DPPR is an opportunity to look at information disclosure throughout the whole pricing process.
- E. Balancing the business costs of information disclosure is important. However caution is required, there are minimum levels of customer service and good information disclosure is likely to lead to an increase in business.
- F. It is unsatisfactory for any business to have communications, that their customers and potential customers cannot understand. Research suggests businesses that are

¹ See *Price Paths Open Letter*, pg. 2.

monopolies can struggle to process consumer complaints and feedback. It is important that New Zealand distributors work to be the exception to this research.

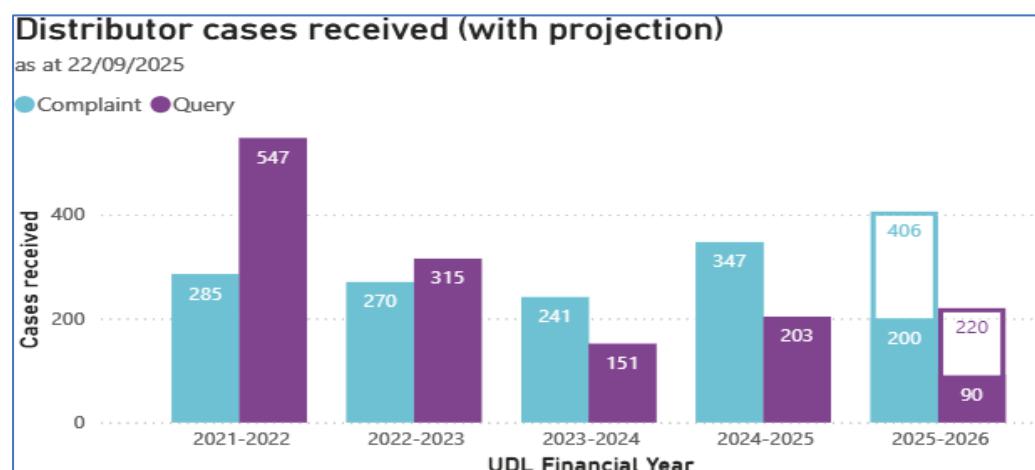
G. The issue of information disclosure has arisen with respect to retailers about their billing practices and provision of intelligible data to consumers. Focusing on information disclosure within the DPPR for distributors is a logical and welcome extension of this project. The EA may also have a role in information disclosure, setting industry obligations, and the auditing of distributors fees.

Utilities Disputes – Provider of Resolution Services

UDL operates the mandated Energy Complaints Scheme (ECS).¹ UDL is a not-for-profit company and there is no charge for a consumer to make a complaint. The core purpose of the ECS is to ensure that any person who has a complaint about a retailer or distributor has access to an independent process for resolving it.² The ECS over the 2024-2025 year received 7533 complaints and 11499 queries. Complaints in the past four years have risen nearly fourfold.²

Complaints about Distributors

As background to UDL's submission we provide a snapshot of complaints made against distributors. Complaints against distributors have been consistent and are projected to exceed 400 complaints this year.



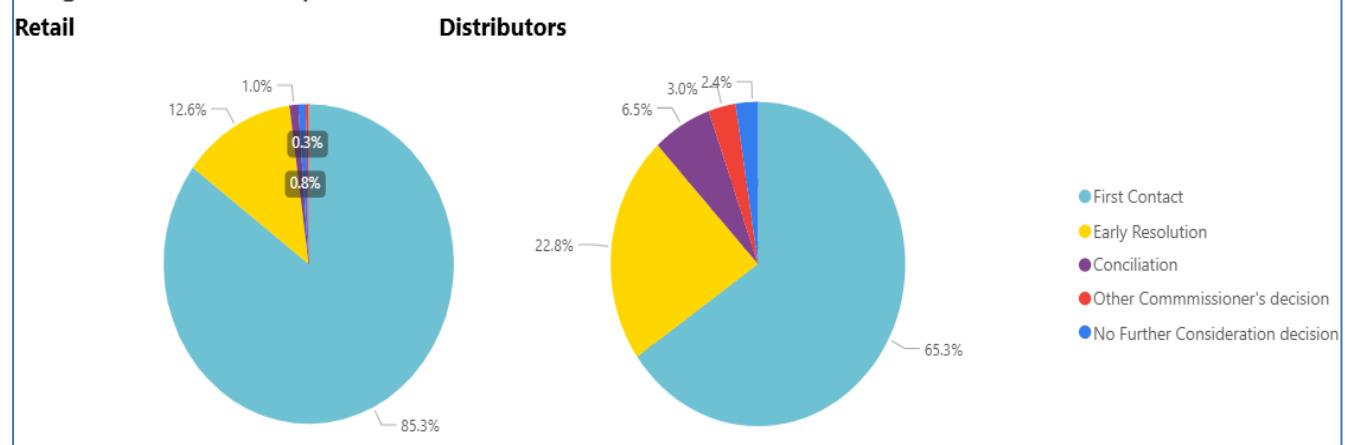
The ECS takes a staged approach to resolving complaints. Complaints are received by our First Contact team, who compile a complaint summary and send it to the provider. The provider then has an opportunity to resolve the complaint. If this is unsuccessful the complaint is assigned to the Early Resolution team who will work with the parties to resolve the complaint. Should this not succeed, the Conciliation and Investigation team will further analyse the complaint teasing out any legal issues, assessing the conduct against industry

² UDL also offers other schemes in water and telecommunications. In telecommunications it operates the government mandated Broadband Shared Property Access Dispute Scheme and a voluntary telecommunications scheme. This scheme is not an industry dispute resolution scheme under part 7 of the Telecommunications Act 2001. Our 2024- 2025 Annual Report can be found here: [2024-205 Annual Report](#)

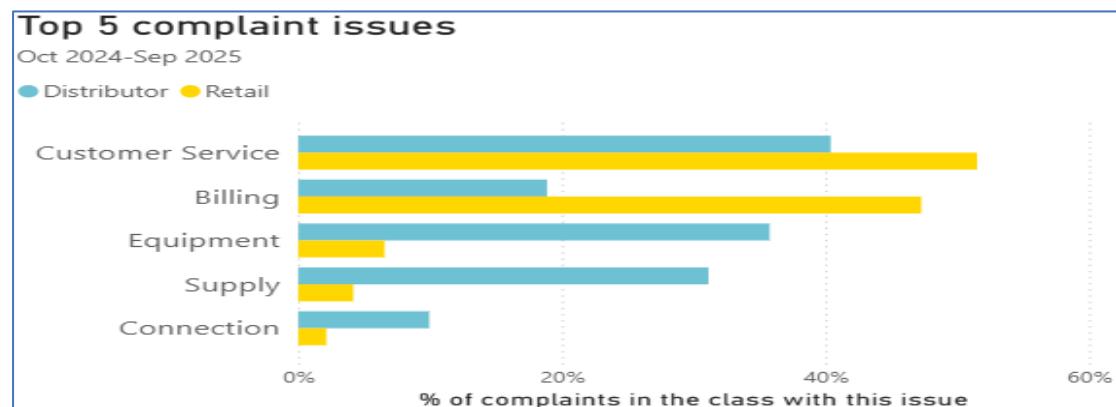
practice, and identifying contractual issues. If after this investigation no resolution is reached, the Commissioner will issue a decision.³ This process is tailored to each complaint. More serious complaints are almost immediately assigned to the Conciliation and Investigation team.

Distributor complaints compared to retailer complaints progress further into the ECS process and generally take longer to resolve than complaints against retailers. Reasons for this difference are often because distributor complaints are complex, such as tree complaints which involve consideration of tort and contractual law. Another reason may be that while retailers are used to immediate contact with the consumer, distributors do not have this history and often their responses to complainants can appear uneven.

Stage of closed complaints: Oct 2024-25



There are also differences between retailers and distributors in complaint issues. Distributor complaints are most often about equipment, supply and connections:



Complaints about supply are likely greater than the percentage above. Under the Consumer Guarantees Act 1993 (CGA), the guarantee of supply is against the retailer,⁴ With the retailer being the easy point of contact for the consumer. However, in practice it is the distributor

³ This can take the form of No Further Consideration Decision, or decision in the form of a proposed recommendation, recommendation or final determination.

⁴ See CGA s 7A.

who will most often know about the cause of the outage and be responsible for restoring supply.

UDL has highlighted to the EA that to resolve CGA complaints it is important that the retailer and distributor have a good working relationship, so that the complainant receives information in a timely way and has a central point contact.⁵

Response to Price Paths Open Letter

UDL as the energy complaint handler responds to the *Price Paths Open Letter* below:

Principles

- 1) UDL supports Com Com's preliminary view that the DPPR should include an assessment of current settings and information disclosure requirements. Particularly if they:
 - *encourage innovative approaches to delivering least-cost energy services best promote the efficient use of EDBs' networks and existing capacity, including greater use of non-traditional solutions and managing or incentivising load shifting*
 - *encourage innovative approaches to delivering least-cost energy services*
 - *encourage improvements in asset management practices, planning, and service delivery outcomes for consumers*
 - *create the right framework for addressing uncertainty about future demands on networks – e.g. through revised information to support expenditure forecasting at the start of the process and/or adjustment mechanisms which could apply within the regulatory period⁶*
- 2) In summary it appears that DPPR should aim to set out:
 - a pricing structure that encourages innovation by maintaining downward pressure on prices.
 - information disclosure that supports and expedites new projects.
 - practices that encourage new technologies based on renewables.
 - practices that are cost-effective and ensure the long-term resilience of the network.

These aims are not exclusionary, and any final plan will require a balancing of each.

⁵ See UDL to EA, *Follow up Consultation – Proposed Changes to the Default Distributor Agreement*, 31 July 2024, 2 [UDL Web Sub](#); and *Proposed Information Exchange Protocol EIEP 4A: Medically Dependent Consumer Information*, 28 January 2025, 4 [UDL Web Sub](#).

⁶ *Price Paths Open Letter*, pg. 2.

Analysis

3) Com Com will be aware of the EA working on policy documents focusing on how to practically progress one or other of the above aims. For example see:⁷

Topic	EA	UDL
Innovation – Renewables/Practices	The Governance and Management of Harmonics in New Zealand's Power System A Regulatory RoadMap for Battery Energy Storage Systems	UDL Response 20 August 2024 UDL Responses 31 July 2025
Innovation – Digitalisation	Our Future is Digital	UDL Response 10 July 2025
Network Resilience	Addressing Larger Voltage Deviations and Network Performance Issues in New Zealand's Power System Working Together to Ensure our Electricity System Meets the Future Needs of all New Zealanders	UDL Response 25 June 2025
Information Disclosure	Distribution Connection Pricing Proposed Code Amendment	UDL Response 20 December 2024

4) The work behind these policy documents is commendable. However, such topic analysis can give rise to tensions in the policy assessment. For example, the EA in its harmonics paper warns of how inverter-based technologies (i.e. technologies based on renewables) may cause significant losses to the network, through the supply of poor energy quality and damage to equipment.⁸ The EA also states in its paper on voltage deviations:

....we expect that co-ordinating the real-time operation of New Zealand's power system to supply electricity to consumers at the level of reliability they want will become more difficult

⁷ Not an exclusive list.

⁸ See EA, *The Governance and Management of Harmonics in New Zealand's Power System*, paras 3.4-3.9.

over the coming years. This increased difficulty will be the result of evolving technologies enabling a significant increase in variable and intermittent generation and an increase in bi-directional electricity flows.⁹

5) These tempered remarks do not however prevent the EA in another policy document from expressing this vision for the network:

By 2040, Aotearoa New Zealand's electricity system has unlocked the affordability, decarbonisation, and security and resilience benefits of distributed energy solutions for regions and communities. This more decentralised system empowers people and communities, ensures fair and secure access to energy, and drives regional and community-led economic growth.¹⁰

6) If this 2040 vision is to be achieved it will be for Com Com, with input from the EA, industry participants, market players, and consumers to determine the right price structures and processes which encourage network accessibility, health, and innovation. This will demand a 360 appraisal of all network issues.

Information Disclosure

7) Central to achieving the EA's 2040 vision will be providing consumers and businesses data and information about network capacity and pricing.¹¹ At the recent EA workshop, *Exploring Network Visibility*, the importance of data, access to data, and data intelligibility was highlighted:

One of the speakers for this session highlighted that network visibility isn't just about data and information but should also be about the relationship between access seekers and distributors. This viewpoint also came through during the table discussions, for example, some noted:

- *There is a need to build relationships between distributors and access seekers to enhance trust between both parties. This could address concerns expressed by some distributors about misuse of data and information.*
- *Some access seekers lack confidence in engaging with distributors as they don't have the technical knowledge and don't know what questions to ask.*
- *There may be a need for 'navigators' to connect access seekers and distributors and help translate data into information.¹²*

8) UDL supports this observation about the importance of data and information intelligibility. UDL has made the EA aware of its concerns about the apparent uneven billing practices of distributors. We repeat those observations here:

⁹ *Addressing Larger Voltage Deviations and Network Performance Issues in New Zealand's Power System*, 25 June 2024, pg. 3.

¹⁰ *Working Together to Ensure our Electricity System Meets the Future Needs of all New Zealanders*, 30 April 2025, para 5.6 (emphasis not included).

¹¹ It will also be important for retailers to pass relevant price signals to their customers. The move by the EA requiring larger retailers to offer customers TOU pricing appears a welcome step in this direction. However, such variable charges must be clearly identified in any billing. See UDL, *Improving Pricing Plan Options for Consumer Time-Varying Retail Pricing for Electricity Consumption and Supply*, 26 March 2025, [pg. 7](#) See also discussion at end of this submission.

¹² *Exploring Network Visibility: Costs, Benefits and Value Discussion Paper, Workshop (Summary of Feedback)*, 2.

An example of the difficulties in itemisation, is the UDL Case Study “Incorrect Fees” where the distributor struggled to provide fulsome evidence supporting charges for traffic management, the passing on of council fees, and the work done. This was a case when it was necessary to issue a proposed recommendation, however often UDL has been able to reality test with the distributor about such information gaps, acquire further itemised information and/or help the parties reach a negotiated settlement.

This issue has appeared in various types of complaints, for example itemisation has been challenging for the distributor in certain tree complaints, where the distributor has charged for the removal of the owner’s trees. In part the distributor has had to rely on the information of a contractor. However, the lack of any information in such cases is a business process issue, not a consumer issue, the consumer as with the supply of any good or service can expect fees to have a demonstratable rational basis on request.

The drive for increased clarity by the EA around pricing may be seen as ensuring distributors are held to the same consumer standards as retailers, who are used to, and required to provide a whole range of fee information, due to the Consumer Care Guidelines and industry practice.¹³

- 9) Adequate information disclosure, an issue seen at the basic level of quotation and billing, therefore appears to be an issue throughout the connection process.
- 10) At the *Exploring Network Visibility* workshop distributors expressed concern about the costs of providing more detailed information:

One of the challenges identified by distributors is that to create network capacity insights they bear the costs of collecting, processing and enabling access to data and information. But some of the benefits of publishing this information accrue to the access seeker or consumer. Some attendees suggested that consideration could be given to a user-pays component for information over and above minimum data requirements.¹⁴

- 11) Balancing the business costs of information disclosure is important. However caution is required, there are minimum levels of customer service and good information disclosure is likely to lead to an increase in business.
- 12) It is also unsatisfactory for any business to have communications their customers and potential customers cannot understand. Research suggests businesses that are monopolies can struggle to process consumer complaints and feedback. It is important that New Zealand distributors work to be the exception to this research.¹⁵

¹³ UDL, Consultation Papers: Distribution Connection Pricing & Network Connections pricing, 20 December 2024, 3. See also Case Study ["Incorrect Charges"](#)

¹⁴ See *Exploring Network Visibility: Costs, Benefits and Value Discussion Paper*, Workshop (Summary of Feedback), 2.

¹⁵ “The literature also suggests that organisations with little competition such as monopolies, are slow to respond to complaints. This is because these organisations have a lower customer- orientation due to the inability of the customer to exit the relationship and the absence of market forces (in the form of lost market share) indicating to the organisation that service improvements are required.” Society of Consumer Affairs Professionals Australia (SOCAP), *Return on Investment of Effective Complaints Management: Public Sector Organisations*, (Research team - University of Newcastle) June 2020, para 4.2 (textual citations not included).

- 13) Two other considerations must also be factored in when assessing disclosure requirements: a) consumers do pay line charges,¹⁶ and b) there is a power imbalance with any monopoly, so that many businesses because of time constraints with new projects aren't always able to negotiate at arm's length and freely with the distributor. Legislatively this is in part acknowledged through the EA's secondary objective to protect the interests of not just consumers but also small business consumers.¹⁷
- 14) Therefore, the DPPR is an opportunity for Com Com to look at what is required of distributors in terms of information disclosure about: network accessibility, quotations, estimates, fees, and pricing.
- 15) The EA may also have a role, particularly in amending the Electricity Industry Participation Code (Code). The Consumer Care Obligations on fees (65-69) could be reviewed and redrafted to include distributors and obligations about the information to be provided in a quotation or estimate. The EA could require that connection pricing and management practices form part of the distributor's audit obligations. Alternatively, the EA could undertake periodic audits of distributor connection practices. These audits could be extended to include secondary network connection costs, which currently fall outside most oversight frameworks.
- 16) Sometimes approved contractors appear required for network connections. In such cases it seems the contractor may set the connection cost, leaving customers with no clear avenue for dispute resolution. The Code could address this by making networks responsible for all costs on the network side of the point of supply, ensuring accountability and fair outcomes for customers.
- 17) The issue of information disclosure has arisen with respect to retailers and their billing practices and provision of intelligible data to consumers.¹⁸ Focusing on information disclosure within the DPPR for distributors is a logical and welcome extension of this project.

Thank you for the opportunity to comment on the *Price Paths Open Letter*. If you have any questions, please at the first instance contact me at: paulb@udl.co.nz



Paul Byers - Legal and Policy Officer

¹⁶ This was noted by one participant at the workshop.

¹⁷ See Electricity Industry Act 2010, s 15. For UDL's understanding of the regulatory role of the EA and consumer complaints see, UDL, *Consultation Paper: Proposed Consumer Care Obligations*, 10 September 2024, pgs. 4-11.

¹⁸ For billing see for example: UDL, *Improving Pricing Plan Options for Consumer Time-Varying Retail Pricing for Electricity Consumption and Supply*, 26 March 2025, pg. 7; *Consultation Paper – Evolving Multiple Retailing and Switching*, 29 July 2025, pg. 9; Hon Simon Watts, *Letter of Expectation for the Electricity Authority*, 2025-2026, pg. 2; EA, *Consumer Mobility Roadmap*, July -Dec 2025; and Frontier Economics, *Review of Electricity Market Performance*, 23 May 2025, 9. 75-77, 81, & 85. For intelligible consumer data see UDL, *Code Amendment Omnibus Four*, 15 October 2024, pgs. 3-4; and *Enabling Consumer Mobility by Improving Access to Electricity Product Data*, 12 August 2025, pgs. 6-8.