

From: [Bryan Johnson](#)
To: [Submissions Mailbox](#)
Cc: [Leonie Pantall](#)
Subject: Re Electricity Authority - Auckland business transmission network submission 26th July 2016
Date: Wednesday, 27 July 2016 4:03:33 p.m.

26th July, 2016

For the Attention of the Director General of the Electricity Authority (EA)

Submission from
Bryan Johnson
Chief Financial Officer
Advanced Networks Group Limited
Openmynd Technologies Limited and
Foresite Technologies Limited

Re: A fair pricing policy for transmission charges for Auckland Businesses

It has come to our attention following the receipt of the Distribution Pricing Review Conference proposed for the 17th August, 2016 in Wellington that the EA is planning a major review of electricity transmission line distribution costs for consumers in New Zealand.

The cost reallocation falls unfairly on Auckland Businesses for a reason that is not clear to us. Although many reasons are given such as security of supply the logic is unclear.

For example, Auckland is alleged to have better security of supply than other parts of New Zealand and consequently needs to pay more. This is faulty logic based on questionable facts. However, we who are consumers of electricity in Auckland have doubts about the security of supply in light of the regular power crises we have experienced in the last 20 years. It seems that the revision of the costs of transmission is being undertaken to avoid embarrassing reduction in profitability of power generation and distribution when solar energy hits the grid in an increasing volume over the next 20 years. A further example of unfairness is highlighted when the Ngawha geo-thermal plant will come on stream in Northland and the distance of distribution delivery will be reduced and yet Northland will be hit with a 58% increase in line charges.

Businesses like ours have undergone incredibly fast technological changes in the last 15 years and the 'cloud' has reduced product sales and profitability of IT network companies like ourselves. We have to sell much more product for much lower margins and heavily discounted labour recovery charges because of IT giant's global interference in the marketplace. We work longer hours for less return and yet we regard our service

as essential to the welfare of Auckland businesses.

Consequently the market place has changed and we have to be very aware of any cost increases in our business model if we are going to continue providing vital IT services to the Auckland business community. We do not oppose fair cost increases to ensure continuous reliable supply, but we strongly oppose cost redistribution around New Zealand because of a perceived higher cost of absorption ability with Auckland businesses which does not in reality exist.

Currently our daily fixed charges and EA levy totals \$170.81 plus \$2.91 (EA levy) = \$173.92 less a prompt payment discount of \$17.39. If a price increase is justified for security of supply, any increase greater than \$34.74 per month would be regarded as unjustified and unreasonable.

Our electricity supplier is Mercury Energy and our account number is 107-832-836

Yours faithfully

Bryan Johnson
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