

**Thames-Coromandel District Council**

Submission to the Ministry of Economic Development

on the

Review of Section 62 of the Electricity Act 1992  
'Continuance of Supply'

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## **Introduction**

Thames-Coromandel District Council would like to thank the Ministry of Economic Development for the opportunity to provide comment on the review of Section 62 of the Electricity Act 1992 – ‘Continuance of Supply’.

This issue is highly relevant to the Thames-Coromandel District due to the geographical layout of the Peninsula’s communities and the rural nature of much of the District.

The fact that consumers connected to lines which are not commercially viable after 31<sup>st</sup> March 2013 will be facing uncertainty about access to electricity at affordable prices is of great concern, and for this reason Council commends the early review of this section of the Electricity Act.

Many of the residents of the Thames-Coromandel District are likely to be affected by the expiry of section 62 as they are located in remote rural areas. TCDC is conscious of the importance of affordable electricity access in rural areas, and is aware that there is an explicit degree of cross-subsidy from other users of the network. Council supports the fact that this government policy will continue.

### **Option D: Continuance of supply, using lines or alternatives, with no expiry date.**

TCDC is in favour of maintaining the access to electricity supply for pre-1993 connections, using lines or alternatives, indefinitely. This may raise issues of cost for providers but Council cannot see how discontinuing supply could be acceptable in any circumstance. The provision of electricity has become an essential service and to reduce or remove supply to residents based on their geographic location is unjust.

Council believes there would be greater certainty for consumers if the continuance of supply was maintained, but agrees that they might have to adapt to an alternative method of supply if that were more economic.

Council also believes that many consumers would prefer a subsidized lines supply with no maintenance responsibility rather than an alternative system that could require a greater level of change and ongoing involvement.

TCDC acknowledges that other market solutions and providers may be cut out if lines businesses are responsible for supplying alternatives, but on the other hand the supply obligation could enable an alternatives market if lines companies contract out to suppliers to fulfill their obligation.

TCDC supports the proposal for lines companies to seek to improve the economics of lines supply to remote rural areas by replacing lines with lower cost technology or using different supply contracts for less economic consumers.

Overall Council believes that all residents should be able to access a reliable, affordable and 'fit for purpose' electricity supply regardless of their location and for this to happen, cross-subsidy from urban areas will need to continue. This subsidy should be to the extent that urban and rural customers pay equivalent prices for their supply.

## **Conclusion**

Once again, TCDC thanks the Ministry for the opportunity to comment on the Act review and hopes that the opinions expressed provide helpful guidance on the path of action to be taken. The Thames-Coromandel District is home to many rural residents and the continued, reliable and affordable supply of electricity is of extreme importance into the future.