



Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Amendment Regulations 2008

Rt Hon Dame Sian Elias, Administrator of the Government

Order in Council

At Wellington this 15th day of September 2008

Present:

Her Excellency the Administrator of the Government in Council

Pursuant to sections 172B and 172J of the Electricity Act 1992, Her Excellency the Administrator of the Government, acting on the advice and with the consent of the Executive Council, makes the following regulations.

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Regulations

1 Title

These regulations are the Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Amendment Regulations 2008.

2 Commencement

These regulations come into force on 1 April 2009.

3 Principal regulations amended

These regulations amend the Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations 2004.

4 Interpretation

- (1) Regulation 4(1) is amended by inserting the following definition in its appropriate alphabetical order:

low-use consumer means a domestic consumer who, in respect of his or her home, purchases or uses less electricity per year than an average consumer purchases or uses per year in respect of a home in the same region

- (2) The definitions of **average consumer** and **home** in regulation 4(1) are revoked and the following definitions substituted:

average consumer means,—

- (a) in relation to a consumer whose home is in the Lower South region, a person who purchases or uses 9 000 kWh of electricity per year in respect of that home; or
- (b) in relation to a consumer whose home is elsewhere in New Zealand, a person who purchases or uses 8 000 kWh of electricity per year in respect of that home

home means the domestic premises (as defined in the Act) that are the principal place of residence of a domestic consumer

home in the Lower South region means a home that is supplied by any of the following grid exit points:

- (a) Arthur's Pass:

- (b) Castle Hill:
- (c) Papanui:
- (d) Hororata:
- (e) any grid exit point that is south of any grid exit point referred to in paragraphs (a) to (d)

- (3) The definition of **Board** in regulation 4(1) is revoked and the following definition is inserted in its appropriate alphabetical order:

Electricity Commission means the Electricity Commission continued under subpart 1 of Part 15 of the Act

5 **Obligation for electricity retailers to make low fixed charge tariff option available**

- (1) Regulation 5 is amended by omitting the heading and substituting the following heading: “**Electricity retailers to make low fixed charge tariff options available**”.
- (2) Regulation 5 is amended by omitting all the text beginning “Each electricity retailer must” and ending with “each of its supply areas.” and substituting the following subclauses:
- (1) For each of the delivered electricity packages that an electricity retailer supplies to homes in its supply areas, the electricity retailer must make at least 1 low fixed charge tariff option available.
 - (2) To avoid doubt, the obligation in subclause (1) applies with respect to all homes, whether or not they have prepayment meters and irrespective of the degree of load control that the domestic consumer has.
 - (3) However, the obligation in subclause (1) does not apply with respect to a home that is the subject of an exemption granted to an electricity retailer under regulation 26 or 31.

6 **Regulation 6 revoked**

Regulation 6 is revoked.

7 **Types of fixed charge tariff option**

Regulation 7(b) is amended by revoking subparagraph (i) and substituting the following subparagraph:

- (i) the electricity distributor charges the consumer directly under a regulated distributor tariff option in respect of some services associated with the delivered electricity supplied in the home; and

8 **Minimum requirements for low fixed charge tariff options**

Regulation 8 is amended by omitting paragraph (c) and substituting the following paragraph:

- (c) in the case of a split-charging low fixed charge tariff option, the fixed charge must be not more than 30 cents per day (excluding goods and services tax), less the amount charged directly to the consumer by the electricity distributor under a regulated distributor tariff option; and

9 New regulation 12 substituted

Regulation 12 is revoked and the following regulation substituted:

12 Promotion of low fixed charge tariff options

- (1) Every electricity retailer must promote low fixed charge tariff options by giving, at least once in every 12 months, a notice of a kind described in subclause (2) to each domestic consumer to whom it currently supplies delivered electricity to domestic premises.
- (2) The notice given under subclause (1) must—
 - (a) identify the amount of electricity the electricity retailer has sold to the domestic consumer in respect of the domestic premises during the previous 12 months; and
 - (b) explain that, if the domestic premises are the consumer's home, a low fixed charge tariff option is available; and
 - (c) explain that, with respect to the home, there may be benefits for the consumer in being on a low fixed charge tariff option if the consumer uses less electricity per year than the average consumer uses; and
 - (d) set out the main features of each of the current low fixed charge tariff options that the electricity retailer makes available to homes in the supply area in which the domestic premises are located.
- (3) However, an electricity retailer need not give a consumer a notice of a kind described in subclause (2) if—
 - (a) every tariff option offered by the retailer that is available to the consumer is a low fixed charge tariff option; or
 - (b) obtaining the information referred to in subclause (2)(a) is, in respect of that particular consumer, technically difficult or otherwise impractical; but in that case, the retailer must give the consumer a different notice that explains why it is not providing a notice of a kind described in subclause (2).

10 Purpose

Regulation 13 is amended by omitting "those".

11 Regulated distributor tariff option

Regulation 14 is amended by adding the following subclause as subclause (2):

- (2) If a home is not on a low fixed charge tariff option, the electricity distributor's arrangement with the electricity retailer in respect of that home must treat that

home as not being on a regulated distributor tariff option (unless the electricity distributor has only regulated distributor tariff options).

12 When information must be supplied

Regulation 22 is amended by omitting “Board” in each place where it appears and substituting in each case “Electricity Commission”.

13 What information must be supplied

Regulation 23 is amended by omitting “Board” in each place where it appears and substituting in each case “Electricity Commission”.

14 Minister may grant exemptions

Regulation 26 is amended by adding the following subclause as subclause (2):

- (2) The Minister may also exempt an electricity distributor, or an electricity distributor in relation to a particular area or areas, from the application of any provision or provisions of these regulations if—
- (a) the distributor conveys less than 5 GWh per annum; and
 - (b) the distributor’s lines are not connected directly, or indirectly through another distributor, to the national grid; and
 - (c) in the opinion of the Minister, the distributor would incur a significant or unreasonable cost in complying with the provision or provisions.

15 New regulation 29A inserted

The following regulation is inserted after regulation 29:

29A Exemption for distributors for homes with 3-phase supply or 15kVA supply

One of the criteria according to which the Minister may exempt an electricity distributor from its obligations under these regulations in respect of the regulated distributor tariff option is that—

- (a) the home is on a 3-phase supply, or a greater-than 15kVA supply, or on both; and
- (b) the distributor has an active programme of facilitating homes referred to in paragraph (a) to transfer to single phase supply, or to supply of 15kVA or less; and
- (c) in the opinion of the Minister, it would be a significant or unreasonable cost for the electricity distributor to make a low fixed charge tariff option available in respect of the home.

16 Regulation 30 revoked

Regulation 30 is revoked.

17 Minister may grant exemptions to electricity retailers

Regulation 31(a) is amended by omitting “under any of regulations 27 to 30” and substituting “under regulation 26”.

Rebecca Kitteridge,
Clerk of the Executive Council.

Explanatory note

This note is not part of the regulations, but is intended to indicate their general effect.

These regulations, which come into force on 1 April 2009, amend the Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations 2004.

The amendments—

- introduce regional variation in the coverage of the low fixed charge tariff, by defining low-use consumer by reference to the electricity used in a year and the location of the home. It sets a higher threshold for homes in the Lower South region (which is (broadly) south of, and including, Christchurch, other than the West Coast). This means that homes in the Lower South can use 1000 kWh more electricity per year and still be treated as low-use consumers:
- clarify that home means the domestic premises (as defined in the Act) that are a domestic consumer’s principal place of residence:
- clarify what is and is not included in an electricity retailer’s fixed charge under a split-charging option:
- address the problem of retailer arbitrage that occurs when retailers treat homes that are not on low fixed charge options as if they are on regulated distributor tariff options:
- clarify the obligations of retailers in relation to promoting low fixed charge tariff options:
- allow the Minister to exempt small, stand-alone, non-grid connected electricity distributors from the provisions of the regulations:
- provide that the Minister can exempt distributors from complying with the regulations in respect of homes on 3-phase supply or greater-than 15kVA supply, if certain conditions are met:
- update references to the “Board” to refer instead to the Electricity Commission:
- revoke regulation 30, which is spent, and make other minor and consequential amendments.

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These regulations are administered by the Ministry of Economic Development.

