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Submission from: Zero Carbon Nelson Tasman

TRANSITION PRICING METHODOLOGY: 2019 ISSUES PAPER

Zero Carbon Nelson Tasman is a group of people living in the Nelson and Tasman area, who came together after the Intergovernmental Panel on Climate Change (IPCC) Special Report of global warming of 1.5° Celsius in 2018. We are deeply concerned about the climate crisis and its impacts on our local and global society.

Members of ZCNT have skills and experience in science, medicine, education, social and environmental issues, policy planning, energy, geology, transport and commerce.

Our Submission

Any electricity power pricing scheme should have two primary goals:

1. To promote the widespread adoption of distributed alternative power generation (solar, wind and biomass)
2. To encourage energy efficiency by all users

Promoting Distributed Alternative Power Generation

To achieve the first goal pricing should at the very least remain competitive with local provision of energy services. The proposed pricing option of “fixed-like” charges is counter to fair competition as it does not reward energy

efficiency. The proposed scheme would appear to be anti-competitive and should not be implemented.

The proposal would also promote the expansion of new peaking stations that would be run on fossil fuels. This approach is totally contrary to achieving a net zero emissions power system by 2050, as proposed in the Zero Carbon Bill, and which is essential to avoid runaway global heating.

Distributed alternative power generation is desirable for a number of reasons:

1. Renewable energy generation is now economically competitive with fossil fuels, and will continue to decline in costs
2. Distributed alternative power generation is considerably more resilient as it is locally based and under local control (versus fossil fuels which will increase in price over time, and whose supply will be less reliable due to geopolitical, geological and economic reasons).
3. Distributed alternative power generation stimulates local economies with increased local employment, and recirculation of money within a community (versus the centralization of profits and their removal from a community)
4. Use of local biomass as a feedstock for alternative power generation can mean reduction of local waste streams, thereby achieving two desirable outcomes
5. Alternative energy generation will contribute to achieving a net zero emissions economy.

Pricing any part of the traditional power system must take these issues into consideration.

Encouraging Energy Efficiency

Basing costs on actual use rather than a fixed charge scheme will obviously contribute to energy efficiency.

Usage based pricing could also be “progressive” so as to further incentivize efficiency. Different escalating cost schemes could be implemented for domestic and industrial use to reflect to different scales of demand.