

**Submission: Electricity Authority 2014/15 Appropriations
and 2014–2017 Work Programme**

Electricity Authority appropriations

Please send submissions to info@ea.govt.nz by 22 October 2013. Please note that late submissions will not be considered. If you do not wish to send your submission electronically, please send one hard copy of the submission to the address below:

<i>POST:</i> Submissions Electricity Authority PO Box 10041 Wellington 6143	<i>COURIER:</i> Submissions Electricity Authority Level 7, ASB Bank Tower 2 Hunter Street Wellington	<i>FAX:</i> 04 460 8879
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Note about submissions for the EECA electricity efficiency appropriation

This template is for the Electricity Authority appropriations only. Please send submissions relating to the **electricity efficiency** appropriation to: levyconsultation@eeca.govt.nz. If you do not wish to send your submission electronically, please send one hard copy of the submission to the address below.

<i>POST:</i> EECA PO Box 388 Wellington 6140	<i>COURIER:</i> EECA Level 8, 44 The Terrace Wellington	<i>FAX:</i> 04 499 5330
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Submitter details

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Signature:	
Date:	22 October 2013

Authority appropriations

Comments are invited on the appropriations proposal:

1. The overall proposed Electricity Authority appropriations as set out in table 1 of the consultation paper	The overall proposed appropriations are appropriate.
2. The proposed changes to Authority appropriations	The proposed changes make sense.
3. Other key matters relating to the Authority's overall appropriations that you consider the Authority should address	We have no other overall comments.

Proposed Authority work programme

Comments are invited on the proposed work programme in appendix C of the consultation paper.

4. Your level of support for the overall work programme as outlined in the consultation paper	We support the overall work programme.
5. Comments on the overall programme	We have no comments on the programme as a whole.

Comments on specific programmes

Comments are also invited on specific proposed programme in appendix C of the consultation paper.

(Copy and paste the table if you have more than two programmes to comment on.)

Programme Name	Competition in wholesale markets including ancillary services
Your level of support for the proposed programme as outlined in the consultation paper	We strongly support this programme.
Your views on the programme, eg, expected impacts, contributing projects, links and dependencies.	The work on reserves arrangements (D4), a market for extended reserves (B8), and clearer treatment of reserves offers (D8) seems particularly important. We remain skeptical of the benefits of the dispatchable demand modified option (C1).

Programme Name	Efficient pricing
Your level of support for the proposed programme as outlined in the consultation paper	We support this programme.
Your views on the programme, eg, expected impacts, contributing projects, links and dependencies.	<p>We are concerned that the work on alignment of forecast and settlement prices (B7) will not go far enough: it seems unlikely to us that forecasts can be improved sufficiently to stop forecasting errors from being a significant impediment to demand-side participation. Introducing firm ex ante prices would be much more effective, and we believe that the Authority could best serve consumers by initiating a project to design and implement a change to the market which would achieve this.</p> <p>We support the work on distribution pricing (C6 and E1), as we believe that there is great potential to introduce tariff structures that provide much more effective price signals.</p>