

22 November 2015

Electricity Authority  
via email: [submissions@ea.govt.nz](mailto:submissions@ea.govt.nz)

### **2016/17 Appropriations, Authority Work Programme and EECA Work Programme**

We welcome the opportunity to provide a submission to the Electricity Authority (“the Authority”) on the 2016/17 Appropriations, Authority Work Programme and EECA Work Programme (“the Programme”).

We broadly support the proposed programme and would like to see progressed by the Authority and industry. Our more specific comments are provided below.

#### **Distribution Pricing**

We welcome the Authority reviewing distribution pricing in response to emerging technologies. We support the Authority continuing to play a key part in developing regulatory outcomes to ensure greater consistency and transparency in distribution pricing. To this end, we encourage the Authority to also continue its work on greater standardisation of distribution pricing structures. We would like to see the Authority include this as a focus point for 2016. The complexities in current distribution pricing structures are unnecessary and create hurdles which are time consuming and costly and could negatively impact on retail competition.

#### **Transmission Pricing Methodology**

We support the Authority’s continued focus on resolving TPM issues. We also support the Authority’s proposed timeframe for finalising the Code amendment and implementation subject to customer impacts being appropriately managed and transitioned.

#### **Retail Competition**

A competitive retail sector is important and we support consideration of ways to improve its performance. The retail sector in New Zealand exhibits world leading competition and there is little evidence to suggest this will reduce in the near term. Given this context we suggest that any further regulatory intervention is subject to a very high bar to avoid unintended consequences such as stifling the significant innovation that is already present in the market.

#### **Supply Capacity**

The proposed decommissioning of the coal rankine units at Huntly in 2018 has resulted in wide discussion regarding potential dry year risk and the incentives for investment in new generation. We welcome and agree with the Authority’s assessment that in the near term the current market arrangements will resolve this issue without the need for regulatory intervention. However, we note that over the longer term, as we continue to increase our renewable generation, the need to consider capacity adequacy will again become the subject of debate.

While the Authority has recently dismissed the need for any further consideration of capacity mechanisms, there could be merit in facilitating discussion around potential longer term options earlier rather than later. This is particularly to ensure sufficient time to consider in an industry forum what an effective and appropriate mechanism may look like given New Zealand's unique hydro dominated system without the potential pressure of imminent capacity constraints.

### **Metering**

We are pleased to see a review of Part 10 on the Authority's agenda. Operationally this Part can be improved to make the processes more efficient for industry participants.

### **Wholesale**

We encourage review of Transpower's demand response protocol management. We would like to see its operation to be more transparent in the market.

We would like to see budget for improved load forecasting for use in the System Operator's market dispatch and pricing. This is particularly a priority in light of the impact of distributed generation. The System Operator would benefit from the increased use of weather related information and improved capability to forecast intermittent generation and consumer demand. We would encourage the Authority to address this issue as a priority.

### **EECA Work Programme**

We support the inclusion of the project to put "infrastructure and systems in place to ensure electric vehicles can play an important role in New Zealand's future energy efficiency, and can maximise use of electricity network capacity". We support further funding for EECA to continue its valuable work on education and information on the benefits of electric vehicle for New Zealand.

If you have any questions please contact Rebekah McCrae, Regulatory Advisor, 09 308 8237, [rebekah.mccrae@mightyriver.co.nz](mailto:rebekah.mccrae@mightyriver.co.nz)

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nick Wilson', with a horizontal line above it.

Nick Wilson

**Manager Regulatory and Government Affairs**