



9 October 2018

Submissions
Electricity Authority
PO Box 10041
By email: submissions@ea.govt.nz

Upper North Island and Upper South Island DG eligible for regulated avoided cost of transmission (ACOT) payments – Meridian submission

Meridian appreciates the opportunity to submit on the above paper.

Meridian continues to oppose the underlying criteria and approach used to determine plants eligible for regulated ACOT payments. Meridian's previous submissions¹ provide further supporting details. In summary, Meridian's view is that the following are required:

1. Usage of granular, DG level (not GXP level) assessments confirming that requisite contributions to Grid Reliability Standards have been made;
2. A significantly higher minimum size threshold for eligibility; and
3. Strictly defined eligibility time periods, limited to any timeframes over which assessed grid reliability impacts will lapse.

Meridian in addition reiterates that the arrangements require revisiting by the Authority. Introduced as transitional², with reliance on what is a highly inaccurate measure of actual avoided costs of transmission (that is, where current transmission charges, not costs, provide the basis for payment), the scheme's inefficient subsidies come at significant cost to consumers. Given the delays in correcting deficiencies of the arrangements through Transmission pricing reforms, ACOT approvals arrangements require re-investigation by the Authority.

Please contact me if you have any questions regarding this submission.

¹ Refer Meridian's submission dated 30 January 2018, '*List of distributed generation eligible to receive ACOT, lower South Island*' available: <https://www.ea.govt.nz/dmsdocument/23010>; and submission dated 3 July 2018, '*List of distributed generation eligible to receive ACOT, lower North Island*', available: <https://www.ea.govt.nz/dmsdocument/23716-meridin>

² See for further discussion Meridian's submission dated 30 January 2018, '*List of distributed generation eligible to receive ACOT, lower South Island*' available: <https://www.ea.govt.nz/dmsdocument/23010>

Yours sincerely

A handwritten signature in blue ink that reads "Alannah MacShane".

Alannah MacShane
Regulatory Analyst

DDI 04 381 1378

Email alannah.macshane@meridianenergy.co.nz