



COUNTIES POWER

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Submissions
Electricity Authority
Level 7, ASB Bank Tower
2 Hunter Street
P O Box 10041
WELLINGTON

By email: submissions@ea.govt.nz

COUNTIES POWER: LIST OF APPROVED DG IN UPPER NORTH ISLAND

Counties Power welcomes the opportunity to provide a submission to the Electricity Authority (**the Authority**) on its consultation paper on the "Draft lists of distributed generation eligible to receive avoided cost of transmission payments under regulated terms: Upper North Island" (**the Consultation Paper**).

Counties Power's submission centres on the question raised in the Consultation paper.

1. What, if any, changes should be made to the list of distributed generation in the upper North Island that is eligible to qualify to receive ACOT payments under the regulated terms? What are your reasons?

The Consultation paper states that "***Inclusion on the list does not necessarily mean that a distributed generator will receive ACOT payments***" and 3.15 "***To actually receive such ACOT payments, distributed generators must still meet other requirements, particularly those set by distributors. For example, many distributors have a policy of not paying ACOT to distributed generation with capacity under 10kW.***" Counties Power believe that these statements, added to the significant administration time and costs to calculate and pay those generators below the 10kW or less threshold, encourage those distributors who do not currently have the threshold described in 3.15 to expediently introduce such a policy. This is further supported when considering that those generators make up less than 2% of the distributed generation by capacity. 2.1 "***In New Zealand, larger-scale plant (above 10kW) makes up over 98% of total distributed generation by capacity.***"

Counties Power's position is that the inclusion of distributed generators 10kW or less on the list could indicate to these generators that they should expect to receive ACOT payments. Counties Power would strongly encourage an approach that considers individual distributors qualifying threshold policy prior to publishing the list.

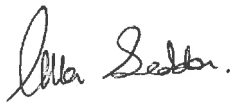
COUNTIES POWER LIMITED

Glasgow Road, Private Bag 4, Pukekohe, New Zealand
TEL 0800 100 202, FAX +64 9 237 0320, WEBSITE www.countiespower.com

Counties Power would like to remind the EA that ACOT payments are designed to defer transmission investments and the EA through its TPM processes has been seeking to improve transmission investments through having beneficiaries pay for the investments. Consequently, given this then EDBs should have the discretion on ACOT payments above 10kW on the same basis that they have discretion below 10kW. Currently, there is a requirement on EDBs under the Electricity Industry Participation Code 2010 to pay ACOT payments that only benefits the generator with no savings to consumers from the delaying of future transmission investments. This appears to contradict the EA's TPM policy position of seeking improved transmission investments.

Thank you for the opportunity to make this submission. For any questions relating to this submission, please contact Allen Sneddon, Senior Commercial Analyst by phone 027 641 4584 or email Allen.Sneddon@Countiespower.com

Yours Sincerely



Allen Sneddon
Senior Commercial Analyst