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Sent: Monday, February 18, 2019 9:08 PM
To: Submissions Mailbox
Subject: Consultation Paper - More efficient distribution prices consultation

I oppose the proposal to increase substantially the change from large volumetric charges (i.e. price per kilowatt hour) to largely fixed charges

Reasons:

1. Penalises low energy users

The proposal that distributors (lines companies) move to recover 80% of their costs from fixed charges per consumer and 20% on a volumetric (per kw/hr) basis would mean that each residential user would pay affixed monthly charge regardless of how much how much or how little electricity they use. Lower income, single person and the elderly tend on average to use less electricity than other consumer groups and would face increased electricity bills. There is no analysis in the consultation document of the numbers of low energy users and their socio-economic status that would be financially disadvantaged by this proposal.

2. Mitigates against energy conservation and climate change goals

A largely fixed network charging regime will discourage households to invest in energy saving appliances such as heat pumps and devices such as LED bulbs. Combined with population growth that may require an increase in non-renewable energy generation capacity. This will be contrary to New Zealand achieving its energy conservation and carbon reduction climate change goals.

3. Denies consumer choice

A standard fixed charge per consumer is a blunt tool to better match demand to capacity, reduce congestion and avoid over-investment in the network. It denies consumers individual choice on alternative methods to achieve that policy intent.

For many decades distributors have been able to shed load using “ripple control” to temporarily disconnect consumer’s electric hot water cylinders and night storage heaters. Using smart meters it must be possible for consumers to contract to their lines company to not use more than (X) kW/hr in any period (especially at times of high demand) and to nominate which individual house circuits it will allow the distributor to temporarily disconnect to stay within that agreed draw.

For instance, a consumer with an electric vehicle (EV) should have the choice to nominate that at times of peak demand their lines company can disconnect the supply to the dedicated EV charging outlet to avoid overload of the local network. Similarly dishwashers, washing machines and other non-time dependent “energy intensive” appliances could be nominated by the consumer for temporary disconnection so that the lines company has the ability to match demand to supply capacity (for most households it matters little if the dishwasher operates at 7pm or 2am so long as the dishes are washed by breakfast the next day).

Obviously, the lines company would need reassurance that the nominated appliances and electric car charger were wired to the house circuit in such away as to prevent the householder plugging in to an alternate uncontrolled circuit (plug outlet) at times when the lines company has disconnected the appliance in order to shed load but that should not be a barrier to implementing the concept.

4. EVs can assist to meet short term peak demand

An electric vehicle is essentially an electric battery on wheels. It can be used to not only extract electricity from the network but also to input electricity back into the network at times of peak demand (essentially each EV can be part of a distributed battery bank). The majority of commuting distances for most EV owners

is substantially less than the range of their EV. For that reason and provided there is a financial incentive, such as lower network charges, many owners will presumably be prepared to enter into agreements with their lines company to allow them to “draw down” storage energy from the EV while it is plugged in to meet short term peak demand.

Summary

The proposal to substantially move to fixed cost pricing model fails to consider the social and environmental (energy conservation) costs, is inconsistent with wider energy conservation and climate change public policy goals, and denies consumer choice for innovative alternatives to better match demand to network capacity. It is a blunt “one size fits all” policy response that is likely to have unintended social and energy conservation consequences.

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