

2 December 2021

Submissions
Electricity Authority
P O Box 10041
Wellington 6143

By email: tpm@ea.govt.nz

Dear TPM team,

Re: Consultation Paper-Proposed Transmission Pricing Methodology

Pioneer owns and operates distributed generation that supplies 200GWh per annum to local load. We are also a partner in Southern Generation Limited Partnership whose distributed generation capacity injects over 260GWh per annum into local networks.

Pioneer supports the submission by the Independent Electricity Generators Association Incorporated which is the substantive feedback for distributed generation asset owners. We also support the submission by Southern Generation Partnership Limited as a shareholder.

This submission focuses one aspect of the Proposed Transmission Pricing Methodology (Proposed TPM) which the Authority is seeking feedback on and that is particularly pertinent to Pioneer's distributed generation near Alexandra and Cromwell.

The Authority's consultation paper describes how Transpower has amended its TPM in relation to the situation where an embedded generator injects into a distribution network and this injection passes through into the grid. Pioneer strongly agrees that it is not appropriate for this grid injection to be counted as part of gross load for allocating the Residual Charge. Pioneer's embedded generation output is managed by the distributor (which we have no control over) in a way that from time to time results in our output being exported onto the transmission grid resulting in Pioneer incurring HVDC charges. It would be highly inappropriate if the distributors actions also influenced allocation of transmission charges when they are supposed to be structured in such a way as to be unchangeable and unavoidable.

Overall, it is disappointing the Authority's approach to transmission charges has not been moved by the substantial quantity and quality of feedback during this long development process. In particular, we refer to the unwavering decisions to:

- allocate over 50% of transmission charges (at least until after 2035) to gross load, counting output from local distributed generation to meet local demand

when these generation volumes clearly do not require the transmission grid to exist.

- not implement a transitional congestion charge to incentivise behaviour/actions to reduce / manage peak demand to delay or avoid a problem that requires new transmission investment.

We, and others, have suggested a staged or iterative approach which would reduce the uncertainty surrounding application on a drop-dead date of this major overhaul to recover costs that represent about ten percent of end consumers' bills.

We also remain sceptical that transmission customers will engage in constructive supportive assessments of the need for new transmission investment when it is clear that they are going to be directly charged for this investment. As we all know substantial new investment in transmission and distributed and grid connected generation is required to achieve New Zealand's decarbonisation goals. South Island industrials have identified nearly 150MW of new electricity demand in the next 15 years. Delays in delivering reliable electricity supply will impact all consumers' and businesses' decisions relating to increasing their reliance on electricity.

We would welcome the opportunity to discuss this submission with you.

Yours truly



Fraser Jonker
Chief Executive