

2 December 2020

James Stevenson-Wallace
Chief Executive
Electricity Authority
By email to appropriations@ea.govt.nz

Dear James

EA consultation paper - 2021/22 Appropriations

1. This is a submission from the Major Electricity Users' Group (MEUG) on the EA's 2021/22 levy funded appropriations consultation paper published 10th November 2020¹.
2. MEUG members have been consulted in the preparation of this submission. This submission is not confidential. Members may make separate submissions.
3. MEUG is not convinced an appropriation for 2021/22 that is 1.6% higher (+\$1,221,000) than the appropriation for the current year can be justified when the effects of COVID-19 on the household and productive sectors of the economy are on average going to lead to less disposable income and lower profits. Every government agency should only seek an increase in funding where all opportunities to find savings elsewhere to offset high value increased spending programmes (such as RTP) have been exhausted. We note that 81% (\$992,000) of the \$1,221,000 proposed increase is because of the terms and conditions of the System Operator Service Provider Agreement (SOSPA). MEUG suggests it would assist market participants to accept the proposed increase if the System Operator could attest it had exhausted all possible options to have no increase in SOSPA charges. Similarly, the EA should assure consumers, that is the parties that ultimately pay EA levies, that the balance of the increase of \$229,000 attributable to the EA's work programme must be approved.

Yours sincerely



Ralph Matthes
Executive Director

¹ web site <https://www.ea.govt.nz/about-us/corporate-projects/202122-planning-and-reporting/consultations-2/#c18736> and document URL <https://www.ea.govt.nz/assets/dms-assets/27/2021-22-Levy-Funded-Appropriations.pdf>.