

**Submission of PowerNet Limited
To Electricity Authority
On Levy-funded Appropriations****30 November 2021****1. Introduction**

- 1.1 In October 2021 the Electricity Authority (Authority) published the 2021/22 and 2022/23 Levy-funded Appropriations consultation paper.
- 1.2 PowerNet Limited (PowerNet) appreciates the opportunity to make a submission to the discussion document.
- 1.3 PowerNet is an electricity management company with head offices based in Invercargill. We manage the non-exempt electricity distribution businesses (EDB's) of Electricity Invercargill Limited (EIL) and OtagoNet Joint Venture Limited (OJV), the exempt EDB of The Power Company Limited (TPCL) and the non-grid connected Stewart Island Electric Supply Authority (SIESA). PowerNet is a joint venture company, owned (50/50) by TPCL and EIL.
- 1.4 PowerNet manage an asset base and investments in excess of NZ\$1 billion. It provides services to over 72,000 customers through more than 14,100 circuit kilometres and manage the fourth largest suite of EDB assets in New Zealand. TPCL operates in Southland and West Otago, EIL in Invercargill and Bluff, OJV in Frankton, Cromwell and Wanaka and the rural and coastal Otago region that surrounds Dunedin City and SIESA on Stewart Island.
- 1.5 This PowerNet submission is on behalf of EIL, TPCL, and OJV and provides feedback with respect to the preliminary views in the paper.

2. Comments

- 2.1 PowerNet are broadly in support of the requested Levy-funded Appropriations. Our support is contingent on the ability of the Authority to deliver on the proposed outputs, outcomes and direction outlined in the consultation paper.
- 2.2 Below we have highlighted the areas of key focus that the networks PowerNet manage consider of particular importance.

Key Focus

- 2.3 PowerNet networks agree with the focus to encourage efficient infrastructure investment to support New Zealand's energy transition. We believe the Authority can and should be actively advocating to support the establishment of efficient and practical rules to allow for building and maintaining electricity distribution infrastructure.

- 2.4 We support the desire to increase the pace of distribution network pricing reform. The Authority has a critical role to play to gain a thorough understanding of the information sharing reliance constraints that exist in the current regulatory framework. Electricity distribution businesses can offer significant value to the Authority in this area.
- 2.5 Finalising and implementing the new Transmission Pricing Methodology (TPM) is a key focus area for the industry over the next few years. Implications of the new TPM at a regional and local level will be of particular interest to many parties, including major energy users in a region. The networks that PowerNet manage believe that the presence and availability of the Authority to share and clarify information regarding the allocation methodology and implementation are critical.
- 2.6 PowerNet support the Authority engagement in the cross-agency work programme with the Commerce Commission, MBIE, Standards New Zealand, Worksafe and EECA to assess regulator roles and develop suitable regulatory settings to enable demand response development.
- 2.7 We welcome the commitment to uplift monitoring capability and capacity within the Authority to ensure that you can create a compliance culture focused on the 'right rules, right monitoring, right consequences'. To enable this we believe the Authority need to increase the frequency and level of engagement with the sector to gain a localised practical understanding of what is already in place, what is planned and what constraints exist for parties working towards actively supporting New Zealand's energy transition. It is important that the Authority gain a better understanding of the impacts and consequences of any proposed change prior to making decisions to implement change.

3. General Observation

- 3.1 We thank the Authority for the opportunity to make a submission. We look forward to receiving further detail and clarity.

PowerNet Contact

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