

21 March 2023

Submissions

Nova Energy Limited
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By email: policyconsult@ea.govt.nz

Re: Review of the consultation and feedback processes

Nova supports the amendments proposed in Appendices C and D of the Consultation Paper.

Nova objects to the amendment removing the requirement for a cost and benefit analysis (CBA) in clause 4.1 Principle 2 of the amended Consultation Charter. The application of a CBA, where practicable is an important element of public policy. This is specifically referred to by The Treasury¹: 'The Treasury encourages important public sector decisions to be informed by cost benefit analysis.'

The Authority's decisions frequently have a significant financial impact on industry participants even if they are difficult to quantify. It is therefore important that the costs and benefits of decisions are quantified where possible. The discipline of preparing a CBA, even if the issues are difficult to quantify, also ensures that the widest possible perspective is brought to a decision.

The Authority claims 'Although not required under the Act...'. Under the Electricity Industry Act 2010 clause 15 (1):

'The main objective of the Authority is to promote competition in, reliable supply by, and the efficient operation of, the electricity industry for the long-term benefit of consumers.'

It is difficult to see how the Authority can ensure the efficient operation of the electricity industry in the absence of performing a CBA on its decisions.

In its discussion of the changes the Authority refers to 'making it easier for consumers to understand the process'. While consumers may not fully understand all the nuances of a complex CBA, it will be transparent to them if the bottom line of the analysis provides a small, or large, net benefit. Industry experts can be left to debate the assumptions behind such analysis.

Responses to the Authority's questions on Appendices C & D are appended to this letter.

Yours sincerely



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¹ [Cost Benefit Analysis including Public Sector Discount Rates \(treasury.govt.nz\)](https://www.treasury.govt.nz/publications/cost-benefit-analysis)

Nova submission: Review of the consultation and feedback processes

Q No.	Question	Response
Q1	For your preferred option, do you prefer Option 1, Option 2, or Option 3?	<p>Nova prefers option 1, with an emphasis on seeking members with broad experience and the willingness to actively contribute. The paper refers to 'representing the interests' of different groups but given the nature of the advisory process the outcome of discussions is not a vote but rather a representation of different perspectives and understanding of the issues. Clearly with a smaller group, it is important that the ability to co-opt other people on an ad hoc basis is actively encouraged. The Authority and members could also maintain a list of people with suitable experience to contribute to specific topics as appropriate.</p> <p>Under option 3, there is a risk of some members becoming disaffected because they get minimal opportunity to contribute at times while others may dominate some discussions.</p>
Q2	Are there any key stakeholders that have been left out of these preferred options?	Stakeholders with experience or expertise in the telecoms and /or gas sector would likely be valuable in some discussions. These need not be specifically from those sectors but be a factor in the membership selection.
Q3	Do you have any comments on the proposed membership?	As well as considering the organisations that the membership might come from, it is also useful to consider the mix of experience and backgrounds, i.e. a mix of legal, engineering, marketing and financial skills will bring more to a discussion than a group dominated by a single skill set.
Q4	Do you have an alternative suggestion. If so, please provide details?	
Q5	Do you have any comments on the proposed changes to the draft documents in Appendices C and D?	Nova supports the changes