



21 March 2023

Electricity Authority
By email: policyconsult@ea.govt.nz

Review of the consultation and feedback processes – Consultation paper

Meridian appreciates the opportunity to comment on the Electricity Authority's review of the consultation and feedback processes.

This submission primarily focuses on the following:

- The consultation charter and ways of engaging with the Authority
- The establishment of a new advisory group
- Updates to the Code amendment request process
- Changes to the process for consulting on documents incorporated by reference

The consultation charter and ways of engaging with the Authority

Notwithstanding some points we will make about the wording changes, Meridian is supportive of the overall efforts by the Authority to review and update the charter. We think that it is wise to ensure that the charter is fit for purpose.

On the topic of consultation and ways of engaging with the Authority, we would also like to encourage the Authority to be more transparent and proactive in publishing information about the forward regulatory work programme. Having a sense of the forthcoming consultations and reviews is enormously helpful for sector stakeholders, including businesses such as Meridian. Previously the Authority has published a document setting out the consultations that are

expected to land in the upcoming quarter. However, a review of the Authority's work programme webpage shows that this has not been updated since January 2022.¹

We would also like to make the following comments on the marked-up wording in the charter:

- Meridian suggests Principle 2 state that "Costs and benefits are quantified: ..." This would better align with the wording in section 39 of the Electricity Industry Act. Focusing only on benefits (rather than costs *and* benefits or *net* benefits) gives the impression that the Authority may disregard the costs of regulatory proposals, whereas it is commonly understood that benefits must exceed costs in order for New Zealand and consumers to be better off if a proposal were to go ahead. Analysis of net benefits also has an important flow-on effect, in that it provides a basis for post-implementation review.
- Meridian supports the additional principles that the Authority might consider where there is no clear best option. Considerations such as greater competition, market solutions, and flexibility to allow for innovation are important and can provide good insight on a way forward.

The establishment of a new advisory group to provide independent advice on the Authority's projects

Meridian supports the establishment of a new, widely representative, advisory group (which the consultation notes will be called the Electricity Authority Advisory Group or EAAG) to provide independent advice on the Authority's projects. Of the options set out in the consultation, Meridian prefers option 3. This is the largest group of the options considered. Our view is that a larger group would better meet the aims of representation across several different spheres (for example, small and large consumers, Māori, distributed energy resources participants, and more).

We also think that a larger group would allow for more and better opportunities for participation. We note that there may be some perceived "advantage" to those who are represented in the group, in that they will have access to information about upcoming regulatory proposals, as well as an ability to influence the shape of these proposals. We encourage the Authority to think about how they might manage this advantage, for example, through ensuring a degree of transparency. This could take the form of making meeting documents (such as agendas and materials) publicly available.

¹ See: [Our work programme — Electricity Authority \(ea.govt.nz\)](https://www.ea.govt.nz/about-us/our-work-programme/)

We would also like to encourage the Authority to share more policy information more frequently. Often projects are released in very large chunks, in very infrequent intervals. We think that there would be value in doing more in the way of early engagement and releasing projects in smaller chunks. One option could also be to reinstate a regular work programme update meeting, but with an open invite so that a broader set of stakeholders could be involved. This could operate as an informal sounding board for policy analysis and be a way to inform stakeholders of work underway and upcoming consultation processes.

Updates to the Code amendment request (CAR) process

Meridian supports updating this process, however, we do not think that the case has been made to give Transpower a bespoke process for submitting CARs. The main reason given as justification for this proposal is that Transpower has a unique position in the electricity industry. Our view is that this is not an adequate reason for a bespoke process. Transpower is arguably analogous to other large distributors, or to other market operation service providers. Although Transpower may have useful insights on potential improvements to the Code, it will bring its own perspective and interests to bear on proposals, as do other participants.

Setting up a bespoke process for one participant may result in too much influence concentrated in one perspective, which in turn may have a disproportionate impact on the shape of the Authority's work programme. Meridian's view is that the CAR process should be the same for all participants, and that proposals for change should be considered on their merits.

Changes to the process for consulting on documents incorporated by reference (DIBR)

Meridian supports the move to standardise the process for DIBR, via a single section in the Code, with common requirements for all DIBR.

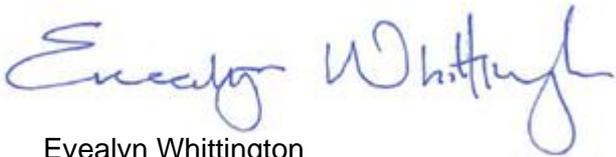
We think that it is important that the Authority maintains scrutiny over what goes into these documents. Our experience is that there are occasions where DIBR purport to impose obligations on participants.² Where documents and policies do create obligations for

² See Part 2 of Meridian's submission on proposed amendments to the SOSFIP: [Meridian-submission-Proposed-amendments-to-the-SOSFIP.pdf \(ea.govt.nz\)](#)

participants, they should go through the normal Code change process, which includes a proper regulatory assessment.

This submission can be released in full. Should you have any question on the points made in this submission, please feel free to contact me.

Nāku noa, nā



Evealyn Whittington

Senior Regulatory Specialist

Appendix: Responses to consultation questions

1.	For your preferred option, do you prefer Option 1, Option 2 or Option 3?	Meridian's preference is option 3, for the reasons set out in our submission.
2.	Are there any key stakeholders that have been left out of these preferred options?	No.
3.	Do you have any comments on the proposed membership?	We think that the list looks broad and representative, which is in line with the aims of the new group.
4.	Do you have an alternative suggestion? If so, please provide details.	<p>We would also like to encourage the Authority to:</p> <ul style="list-style-type: none"> - Share more policy information, in smaller pieces, more frequently. Often policy is released as large consultations, with significant gaps between releases. We think that there is merit in releasing smaller, more frequent consultations. - Reinstate regular work programme update meetings for stakeholders. These could also work as informal sounding boards for policy development, among people who have a good knowledge of the industry and technical capability. It would also benefit stakeholders, by giving better oversight of upcoming consultations. - Releasing more information about the Authority's work programme, including upcoming consultations, for example on a quarterly basis.
5.	Do you have any comments on the proposed changes to the draft documents in Appendices C and D?	Meridian suggests that the Authority develop some conduct requirements for the charter about advisory groups. It currently contains very little about behaviours expected of members, apart from a clause which allows the Authority to terminate appointments based on "not contributing effectively". The Authority should also have the opportunity to terminate an appointment due to behaviour outside of the advisory group that could bring the advisory group or Authority into disrepute, for example

		deliberate Code breaches and disregard for a rules-based electricity industry.
6.	Do you agree with the overall assessment of the Code amendment proposal? If not, what alternative assessment would you make and why?	Yes. However, we would also like to note that we think that the process for DIBR would also benefit from more guidance around what these documents can and cannot contain. For example, if there are instances where policies need to impose obligations on participants, then it should be clear that this would sit outside of the DIBR and instead be worked through as a Code amendment.