



Submission by Genesis Energy Limited

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The Electricity Authority's Review of the consultation and feedback processes
consultation

Submission

Genesis Energy Limited (**Genesis**) welcomes the opportunity to respond to the Electricity Authority's (**the Authority**) consultation: *Review of the consultation and feedback processes* dated 31 January 2023.

Going forward, consumers and energy stakeholders will have a greater role to play in our sector because of our renewable energy transition. Consumers and stakeholders will be pivotal to the success of addressing many issues that will result from this transition, including meeting decarbonisation targets, managing electricity demand and promoting competition. For this reason, Genesis supports measures to streamline the Authority's processes and strengthen stakeholder and consumer participation within the sector. We particularly support robust consultation processes that acknowledge a diverse set of views to ensure informed decisions that will impact future generations are made.

Nevertheless, while we support several of the proposals made in this paper, we encourage the Authority to balance their need for robust consultation with pragmatism and efficiency to promote confidence in the sector.

It is crucial that any advisory group possesses a high degree of expertise to assist the Authority in addressing sector issues. If the Market Development Advisory Group (**MDAG**) and Innovation and Participation Advisory Group (**IPAG**) are going to be disestablished, it is vital that any replacement maintains the level of subject matter and industry expertise these groups brought to their work.

Finally, Genesis agrees that there should be one section in the Code for dealing with the administrative requirements for the system operation documents. However, while we understand there is a bespoke arrangement between the Authority and Transpower, we caution against prioritising certain Code amendment requests over others. Each stakeholder is usually an expert in their field, and therefore when they request amendments to the Code, it is for good reason.

The above considerations and concerns have been set out in further detail below.

Options for membership and structure of the Electricity Authority Advisory Group

Genesis considers **Option 2** is the most appropriate composition for the Authority's new advisory group: Electricity Authority Advisory Group (EAAG).

We believe Option 1 is too narrow for the purposes of this group. It is unlikely that this option will be able to provide a full range of diverse voices and views that are necessary to address the issues the energy sector is facing.

Likewise, we also do not support Option 3, as the composition would be made up of too many voices which would potentially affect the efficiency of the EEAG. It is unlikely that a group of around 30 members would easily agree on issues. This would significantly affect efficiency around decision-making. Additionally, this option would likely have high operational costs, which at a time where funding is scarce, makes this an unreasonable path forward.

Genesis considers Option 2 to be an appropriate approach as it proposes what we believe to be the right balance between the number of members and the number of representatives for each field. As the EAAG will be key to the Authority's decision-making, it is important this balance is struck.

The composition of the Electricity Authority Advisory Group

The EAAG should be comprised of well qualified experts if it is to replace other working groups, such as MDAG. Without this composition, it is likely that poor recommendations will be made that do not consider all outcomes. The energy sector is a technical area that, on occasion, requires niche expertise on issues. Additionally, the decisions that are soon going to be made are going to impact generations of New Zealanders to come. Therefore, it is imperative that they are well-informed decisions that weigh all the trade-offs in all scenarios. Considering this, we believe legal, engineering, economic, and consumer advocacy (including small business) skillsets will be invaluable to the success of this group. This will help deliver diverse perspectives that will guarantee more robust decision-making.

The Australian Renewable Agency's Advisory Panel¹ could serve as a good example for the Authority to follow in determining the composition of experts that could sit on the EAAG. This panel is made up of a range of sector experts that have a wealth of knowledge on transitional issues that contribute to helping make difficult decisions in the Australian energy sector.

Efficiency is key to success

As noted above, it is important that the EAAG makes timely decisions. Timely decisions are critical to our renewable transition and climate change targets, which are already tight due to the number of years it takes to develop renewable energy builds that will help us decarbonise.

To meet our decarbonisation targets in the energy sector, industry must heavily invest in new infrastructure, innovation, and technology. However, this must be accompanied with government providing confidence to industry through its policy decisions. This ensures we are all aligned strategically and helps industry make appropriate investment decisions. As the Authority plays a key part in making these policy decisions, we encourage officials to ensure efficiency is a key objective for the EAAG under Option 2. Genesis believes this will require effective project management to ensure projects remain on track and can be balanced by the pragmatism industry experts can bring to decision-making. We consider this balance will allow for better outcomes in the long-term.

Further collaboration is required to meet our renewable energy goals

Genesis encourages a collaborative approach to rule making by the Authority, where and to the extent possible. The EAAG will play a key role in ensuring this, and it will be crucial to the success of this group. We consider a 'them and us' approach is obsolete. Comparatively, a collaborative approach with a shared vision is highly conducive to building trust and allows for free-flowing dialogue. Industry has key insights into innovation, the market, consumer trends, and the impact that government

¹ <https://arena.gov.au/about/advisory-panel/#ms-kim-lawrence-director-kml-advisory-pty-ltd>

policies have on the ground. Ensuring these insights are brought to decision making only stands to benefit consumers.

Making collaboration a priority in the EAAG's Terms of Reference will provide for a valuable exchange of ideas and insights, building trust between the Authority and stakeholders, and ultimately supporting high quality regulatory decision making.

Accountability ensures targets are met

Accountability is a standard requirement for all working groups. It assists in moving projects forward and prevents failure.

We believe the EAAG meeting on an ad-hoc basis risks accountability on progress of projects. One way this could be addressed beyond including it as an objective in the EAAG's Terms of Reference, is to establish and publish quarterly reporting about the progress of programmes of work, and key milestones and deliverables. This would not only promote transparency but also build confidence with stakeholders. MDAG serves as an example of good practice in this area, with the facilitation of workshops, meetings, and written consultation.

It would be useful to better understand how the Authority intends the EAAG to work in practice to enable more informed feedback. For example, we are unclear on whether the Authority will use the EAAG as a 'sounding board', or if the recommendations it makes will hold significant weight towards its decisions. We are also unclear on whether industry or the Authority would be expected to fund the EAAG. We believe it would be helpful to see a Terms of Reference for the EAAG before providing further comment.

Amendments to the advisory group charter and terms of reference

Genesis does not oppose the proposed amendments to the Code or draft documents set out under Appendices C and D. However, we have made suggestions for what could be included in the terms of reference above.

Proposed updates to the Code amendment request process- documents that are incorporated into the Code by reference

While Genesis agrees with streamlining processes to promote efficiency, we do have some reservations around the proposal to change the current Code Amendment Request (CAR) process.

Currently, the proposal is unclear around whether CARs from the system operator will be prioritised over CARs from other industry players. While the system operator holds a vital role within our sector and brings a unique perspective, all industry players have important expertise in their fields and can contribute meaningfully to regulatory change. In other words, a single stakeholder's CARs should not be prioritised over another stakeholder, as each request may be as important as the other in the sector, just different by subject issue.

Genesis considers a more appropriate approach would be to categorise Code amendments and stream requests. This would help the Authority to appropriately prioritise resourcing. While this bespoke arrangement exists with Transpower and is

about to become more pronounced with a streamlined process, this could also be replicated with other stakeholders. Furthermore, if CARs were published on the Authority's website, industry participants would be able to attest that they faced the same problem, which could indicate the breadth of the issue, and assist with prioritising requests.

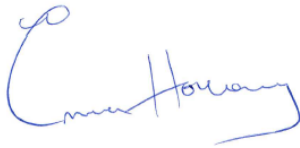
Finally, if there is scarce resourcing, the proposer of the amendment could assist with the analysis. The Authority could achieve this by setting analysis requirements under CAR templates.

Conclusion

While we caution the Authority to ensure expertise remains integral to any advisory group they have, Genesis supports the ongoing improvement of the Authority's engagement and streamlining of consultation processes.

Thank you again for the opportunity to respond to this consultation. If you have any questions, please do not hesitate to contact me at emma.holloway@genesisenergy.co.nz.

Yours sincerely,



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