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Consultation Paper – Ensuring an Orderly Thermal Transition

Federated Farmers of New Zealand welcomes the opportunity to provide feedback on the Electricity Authority submit on the Electricity Authority's Ensuring an Orderly Thermal Transition consultation paper.

We appreciate the work the Authority is doing on this matter. Affordability and reliability of networked electricity supply is a core consideration for farming consumers.

Farm consumption tends to be lumpy. In particular, dairy farms require reliable electricity supply daily throughout the milking season. Similarly, consumption by irrigators tends to spike during especially dry periods of the year to preserve crops. In terms of volumes of electricity consumption, farming consumers tend to sit somewhere between what is normal for residential consumers and commercial consumers. The alternatives available to residential consumers (solar panels and residential battery storage) lack the capacity to support farm business consumption, while those available to commercial consumers (industrial generators and uninterrupted power systems) are excessive and expensive for a farming property. As such, farming consumers are especially reliant on networked electricity supply.

Another aspect worth acknowledging is the greater frequency and duration of outages that rural consumers tend to experience throughout the year than those consumers in more densely populated areas. This stems from rural consumers relying on supply from extensive lines network connections that are more vulnerable to adverse weather and other causes of interruptions to supply. The lower proportion of consumer connections per km is another contributing factor impacting the priority given to restoring supply to many rural consumers.

As New Zealand progressively transitions towards increasing proportions of renewable electricity supply, reliability becomes a consideration as electricity generation becomes more dependent on the sun shining and the wind blowing.

With recent experiences of outages arising from adverse weather events, we do wonder if more ought to be made of encouraging investment in smaller-scale generation projects. Through more distributed generation closer to consumers, one would think the risks of networked electricity supply outages would lessen for many consumers, particularly those in rural areas. Such an approach would also avoid giving rise to the concerns expressed by communities affected by large-scale solar farming projects, for example.

Similarly, affordability is a consideration where there is risk of overlap between generation supply from renewable and thermal sources with the costs of continuing to operate both through the transition and beyond falling on consumers. While we acknowledge the Authority's reasons for pursuing more cost-reflective pricing, we do see a risk of the cost burden falling more severely on the shoulders of rural consumers, many of whom will have little to no alternatives to networked electricity supply to meet their needs.

As the country transitions towards a greater proportion of its electricity being supplied from renewable sources, it is important that this happens in a way that has regard for the experience of farming and rural consumers.

Yours sincerely

Mark Hooper

National board member and energy & electricity spokesperson