



Genesis Energy Limited
Level 6
155 Fanshawe Street
PO Box 90477
Victoria St West
Auckland 1142
New Zealand

T. 09 580 2094

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To: The Electricity Authority
Email: appropriations@ea.govt.nz

Genesis Energy supports the Authority's FY25 Levy proposal

Genesis Energy Limited (**Genesis**) welcomes the opportunity to comment on the Electricity Authority's (**the Authority**) consultation paper *Relieving pressure to deliver regulatory reform at pace: Proposed levy-funded appropriations 2024/25*.

We support in principle the Authority's indicative work programme and its proposal for a permanent baseline increase of \$14.2 million from FY24/25 (Option 2 in the Paper). Doing so will allow the Authority to continue delivering regulatory leadership and certainty, and pragmatic problem-solving, in the face of its own increased costs. This option also in our view best balances ensuring the regulator is appropriately resourced with the need to keep consumer cost increases under control.

Furthermore, some Authority workstreams, particularly with respect to security of supply, could foreseeably result in the requirement of a considerable amount of resource-intensive work in the years following 2024/25. We see it as prudent to be mindful of the potential for costs of multiple workstreams in outyears to accumulate when setting levies in the immediate term.

We support the Authority's ongoing work to deliver value for money through increased effectiveness, efficiency, and reducing risks, all of which will be enhanced through rigorous prioritisation of its core functions as well as the improved capability and capacity a permanent baseline increase will enable. To this, we would only add that the Authority's indicative work programme as outlined in the paper appears ambitious, and even with additional resources it may still be necessary to prioritise actions.

One activity we do think should be prioritised is that of distribution sector regulatory reform work to improve competition and innovation in distribution networks, within the strategic ambition of "thriving competition". Competition is important as it enables other priorities and drives efficiency and will be particularly crucial to incentivise investment in distributed energy resources at a scale and speed necessary to achieve the Authority's goal of unlocking the potential of flexibility services and markets. We believe the Authority's distribution sector regulatory reform work should include consideration of any barriers to third-party investment in new technology on electricity networks. This work is important to promote competition in the emerging technologies market so that participants are not disadvantaged or disincentivised from investing in emerging technologies. We therefore support as a priority the Authority's 'Distribution networks regulatory reform' activity area, including its intention in

FY24/25 to produce “...guidance on the threshold for extending the arms-length rules”, as well as other priority actions drawn from the Authority’s October 2023 paper on *Delivering key distribution sector reform*.

As noted in the paper, one way the Authority aims to create efficiency is by strengthening relationships with other agencies and regulators. Not only does this enhance efficiency for the Authority it also creates efficiency and transparency for industry when engaging with government, to the benefit of the whole system. Given the scale and pace of change needed to electrify New Zealand’s economy, a ‘joined up’ government policy and regulatory response will be critical to unleashing the potential of our energy resources.

We look forward to continuing to work with the Authority on its priorities to the benefit of New Zealand.

Yours sincerely,

A handwritten signature in black ink, consisting of a stylized, cursive 'M' followed by a long, horizontal flourish that tapers to the right.

Mitchell Trezona-Lecomte

Senior Advisor, Government Relations and Regulatory Affairs

Genesis's response

Question Number	Question	Genesis response
1.	Q.1 Do you support the Authority's proposal for a permanent baseline increase to its Electricity Industry Governance and Market Operations appropriation of \$14.2 million for 2024/25, bringing the total appropriation to \$115.0 million?	Yes.
2.	Q.2 Do you support the Authority's proposal for maintaining the contingent appropriation for Managing the Security of New Zealand's Electricity Supply at its current level of \$6.0 million over five years?	Yes.
3.	Q.3 Do you support the Authority's proposal for maintaining the contingent appropriation for the Electricity Litigation Fund for 2024/25 and outyears at \$1.5 million?	Yes.
4.	Q.4 Do you have any comments on the Authority's proposed funding 2024/25?	
5.	Q.5 Do you have any comments on the Authority's vision and intended outcomes?	
6.	Q.6 Do you have any comments on the Authority's indicative work programme for 2024/25?	See comments above.