30 January 2024

Electricity Authority
Level 7
AON Centre
1 Willis Street Wellington

Via Electricity Authority's Information Provision Portal

Manawa Energy's Submission on Relieving pressure to deliver regulatory reform at pace: Proposed levy-funded appropriations 2024/25

Introduction

Manawa Energy (**Manawa**) welcomes the opportunity to provide a submission to the Electricity Authority (**Authority**) on its *Relieving pressure to deliver regulatory reform at pace: Proposed levy-funded appropriations 2024/25* consultation paper (**Consultation Paper**).

Manawa is an independent power producer with a proven track record of investing in local and grid scale renewable generation. Its strategic plan for future investment aligns with the achievement of New Zealand's decarbonisation and electrification objectives.

Manawa operates a diverse portfolio of 44 power stations across 25 hydro-electric power schemes, supplying around 5% of New Zealand's electricity needs.

Submission

Manawa understands that the Authority is seeking an additional $14.2 million funding for the 2024/25 period for its Electricity Industry Governance and Market Operations appropriation, whilst maintaining the current level of funding for its Managing the Security of New Zealand's Electricity Supply and Electricity Litigation Fund appropriations.

The focus of this submission is on the additional funding for the Electricity Industry Governance and Market Operations appropriation.

In proposing this additional funding, Manawa supports the Authority's focus on ensuring the transition is as efficient and resilient as possible, while maintaining energy security, system adaptability and access to affordable electricity for all consumers. Manawa also appreciates the challenges of achieving this in an electricity system undergoing transformation at an unprecedented scale.

To adequately achieve these goals clear direction needs to be provided to the Authority via the New Zealand Energy Strategy (NZES). This will encourage joined-up thinking across the sector and avoid duplication and unnecessary work. While the NZES is currently underway and intending to chart a path for the energy transition, there is currently considerable uncertainty in its direction as the new coalition settles into government. The Authority therefore needs to be mindful not to commit to too much funding ahead of gaining clearer direction from the NZES.

Manawa appreciates the risks the Authority raise in the Consultation Paper of not receiving the additional funding. However, this needs to be balanced against the risk of getting ahead of the NZES and progressing work that may not be required.

Manawa also supports the Authority's decision not to propose its preferred option 3. This option as discussed in the Consultation Paper, would add pressure to consumers who are already feeling the squeeze of the current fiscal environment. Consumers currently fund (both directly and indirectly) a number of different agencies working on energy regulation and affordability is a very real issue. However, Manawa is concerned that the proposed option 2 does not address this issue adequately. Whilst there is value in increasing communication and education, particularly for vulnerable consumers, the Authority's additional statutory objective requires it to act in the interests of all consumers, for which the majority are simply seeking lower prices. A $14.2 million increase will add significant pressure to consumers, particularly when considered alongside growing engagement costs and compliance costs.

Manawa has previously encouraged the Authority to continue to seek cost efficiencies in progressing its workstreams and ensuring service provider costs are competitive. This year is no exception. The Authority, for example, has been working on distribution pricing since its formation. This has taken significant resource and progress towards a regime has been slow, despite increases in funding to address this. Manawa is therefore concerned that an increase in appropriations may not be the best incentive to ensuring the required vigorous prioritisation is carried out. Manawa sees that option 1 (with a variation to explore cost savings with service providers) would better incentivise this necessary prioritisation. Once clearer direction has been provided then Manawa would be more supportive of appropriation increases if required.

If you have any questions regarding the content of this submission, please contact Grace Burtin, Regulatory Manager.