



January 2024

Appropriations

Electricity Authority

PO Box 10041

Wellington 6143

Consultation on 2024/25 Levy

This submission supports the Electricity Authority's proposed 2024/25 levy proposal, but prefers a slightly higher level of funding (option3) rather than that proposed (option 2). A higher level of funding is supported because the large body of work resulting from the final MDAG recommendation on Price Discovery in a Renewables Based Market requires adequate resourcing. I support fiscal responsibility of the Authority and recognise the value of financial constraints in encouraging such fiscal responsibility. But as MDAG pointed out, the future is coming faster than we expected and Electricity Market 2.0 is needed soon. There are material net benefits to New Zealand in the slightly higher level of funding proposed in option 3.

No part of this submission is confidential and I am happy for my submission in its entirety to be released publicly.

Regards

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Response to specific consultation questions

Q1	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, but would prefer option 3, with the associated slightly higher level of funding.
Q2	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
Q3	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
Q4	Q.4 Do you have any comments on the Authority's proposed funding 2024/25?	I would prefer to see the funding at the level proposed in option 3. That is \$124.9m total. I believe this would deliver best overall value for the NZ consumer. The MDAG final report on price discovery in a renewables based market proposed a significant body of work for the Authority to pursue with urgency in tranche 1. I think the funding needs to be sufficient to allow this work to be resourced. Such work would yield significant net benefits to consumers.
Q5	Q.5 Do you have any comments on the Authority's vision and intended outcomes?	I support the overall vision and outcomes.
Q6	Q.6 Do you have any comments on the Authority's indicative work programme for 2024/25?	I support the overall indicative work programme. However I would like to suggest the Authority prioritise looking for any quick gains in the key areas MDAG identified including those which enable demand flexibility and in particular distribution pricing and retail competition aspects of this work. I will be separately submitting on the upcoming consultations in those areas and try to help identify any areas for quick gains.