

Annual levy-funded appropriation consultation

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Summary of information submitted

First name

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Organisation

Orion New Zealand Limited

Position

Head of Regulatory and Commercial

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. 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. 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. If you have any comments on the Authority's proposed funding (questions 1-3), please add those here

Yes, we support the proposal for a permanent baseline increase of \$14.2m.

Yes, we support maintenance of the contingent appropriation for managing security of supply at the current level of \$6m.

Yes, we support maintenance of the contingent appropriation litigation fund at the current level of \$1.5m.

We agree that the increase is necessary to position the Authority for the coming challenges, to capitalise on opportunities and to be more agile, timely and pace based.

We note and support the implications of the Authority's statement that (emphasis added)

"3.66 The proposed funding is a **step toward** what the Authority needs to fully enable a consumer-focused transition to an electrified, low-emissions economy." The initial increase will also allow the Authority to position its resources in preparation for further momentum toward Option 3.

5. If you have any comments on the Authority's vision and intended outcomes, please add those here

Orion supports the Authority's vision and intended outcomes and is pleased to see a reflection of feedback it has received from stakeholders over time. It is useful to understand the Authority's plans across the three horizons- short, medium and long term. This helps with regulatory certainty and transparency about what the sector needs to plan for, focus on and support.

6. If you have any comments on the Authority's indicative work programme for 2024/25, please add those here

Orion thanks the Authority for providing an indicative work programme ahead of its finalisation in the annual corporate plan in June 2024. The plan is comprehensive and wide ranging- there is a lot to get after.

Distribution pricing reform and scorecards/Transmission price signals-

- a. We comment that when compared with the activity rationale for improving transmission pricing signals, there is an unfortunate implication that investment is expected in transmission but deterred for distribution. We would prefer the distribution pricing rationale to indicate 'optimisation of network upgrade and expansion costs at the right time and in the right places' rather than the current statement.
- b. We comment that there appears to be no focus on the role of and how retailer/trader pricing should support distribution pricing and network management.

Distributed generation connection-

- a. We recommend that any work on connection and capital contributions should be a high priority as this creates regulatory uncertainty and has implications for EDB investment and financeability through the Commission's DPP reset.

Early adoption of new technologies-

- a. We are interested to understand how the Authority will work or interface with EECA in respect of new product/appliance technologies that households or businesses may adopt. The Authority will need to understand these technologies, how they might be load managed and what standards will be for these.

Code review programme

- a. The indicative work programme does not refer to the project for the Code Amendment request process and consultation charter. This may be because the project will be complete for the 2024/25 year, but it would be helpful to clarify the status of this programme given that decisions were expected in December 2023.

Trust and Confidence/Innovation/Code-

- a. We submit that the Authority should consider providing guidance on exemptions from the Code under section 11 of the Electricity Industry Act 2010. As the sector evolves, much like the scenario of trials and sandboxes, the provision for issue of exemptions from the Code may be explored more often. It would be useful for participants to understand the framework the Authority puts around exemptions, their approach to cost benefit trade-off and the extent to which exemptions are temporary or permanent.

Written submission and/or supporting documentation



Orion submission on EA Levy Appropriation.pdf

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The Authority intends to publish all submissions. Are you happy for the Authority to publish your submission?

Yes
