

**Looking forward at the year to come**

2019 promises to be a busy year. Climate change policy will advance with the Zero Carbon Bill and changes to the Emissions Trading Scheme. The Interim Climate Change Committee (ICCC) will report back on how to increase uptake of renewable energy. The Government's electricity pricing review will report to Minister's. Elsewhere, the Commerce Commission will reset default price quality pathways for regulated monopolies and Transpower's individual price quality path. The Electricity Authority will push forward on distribution pricing, transmission pricing, default distribution agreements, real time pricing, any work resulting from the UTS investigation, and any outcomes from their Spring 2018 review.

**The challenge of increasing renewables in a highly renewable sector**

The Government's target of 100 per cent renewable electricity by 2035 will come under pressure this year. The ICCC has made clear its view New Zealand would be better focusing on increasing renewables across the energy sector than on a narrow electricity target.

Recent work by officials has shown hydrogen is unlikely to be a cost-competitive option to reduce industrial emissions and that the scope to reduce emissions from process heat is limited. That will shift focus onto other areas or technologies where greater emissions reductions can be achieved.

The events of last spring have highlighted the inter-relationship between gas supply and both electricity supply and prices. Constrained gas supply, coupled with a dry summer, saw wholesale prices climb to very high levels and stay there while generators were forced to turn to coal to ensure secure, quality supply. The challenge for policy makers is, if they wish to keep electricity prices down both in the short and long term, how to facilitate a reliable supply of gas to underpin our largely renewable electricity sector.

**Downstream 2019**

The Downstream conference in March delves into the inter-relationship between gas and electricity with Day Two offering a panel discussion featuring New Zealand's largest gas users, including Oji Fibre Solutions, New Zealand Steel, Fonterra and Refining New Zealand.

In what also promises to be an interesting session, Genesis will be presenting on the future role of Huntly Power Station, dry year risk, and deep energy storage.

## Key dates

What's on	Who	When	Notes for members
Consultation: Options paper	Electricity Price Review	Feb, tba	EPR options paper publication date & submission deadline to be advised.
Submission: Review of Security of Supply Forecasting & Information Policy (SOSFIP)	System Operator	4 Feb	MEUG supports inclusion of contingent reserves in Hydro Risk Curve calculations.
Submission: Review of Official Conservation Campaign policy	Electricity Authority	11 Feb	MEUG submission consistent with submission on SOSFIP.
Submission: Distribution pricing guidelines	Electricity Authority	19 Feb	Helpful paper using examples of retail pricing for line services that increasingly reflect costs and benefits to each consumer consistent with ENA & EDB work. Good idea to have star-rating comparing each EDB's progress.
Submission: Independence of advisory group Chairs	Electricity Authority	19 Feb	MEUG will seek conflicts of interest, or perceived conflicts, to be disclosed.
Submission: retail fuel market study preliminary issues	Commerce Commission	21 Feb	Consistent with our submission to EPR, we will seek any analysis of economic profits to be robust, not ad hoc or using partial metrics.
Submission: Bombay-Otahuhu A Major Capex proposal	Transpower Grid owner	22 Feb	Complex issues and multiple solutions for future of the 110kV network in this region. Good transparent process.
Submission: Process heat low emissions opportunities	MBIE and EECA	22 Feb	Similar work undertaken by or being considered by others, e.g. Concept Consulting recent work on H2 and current Interim Climate Change Committee work on energy-sector wide renewables path to 2035.
Submission: Transpower Individual Price-Quality Path issues paper	Commerce Commission	28 Feb	ComCom will publish a draft issues paper on 7 Feb. Strategically important to all consumers as ~\$1 billion pa Transpower costs.
Decision: Undesirable Trading Situation claim	Electricity Authority	Before end Feb	Combination of UTS findings and EPR options paper likely to be important to improvement of wholesale and retail markets.