

Looking back on the year that was

In June we look forward to once again hosting the Minister of Energy and Resources, Hon Dr Megan Woods, at our Annual General Meeting. Looking back on the past year, two things stand out: the increased focus on climate change and the potential implications for cost and security of electricity (and energy) supply, and the performance of the market following the Pohokura outage last spring, with wholesale prices remaining very high even after Pohokura came back online.

Looking forward at the year to come

A key focus of the AGM will be MEUG's planning for the 2019/20 year and outyears.

An initial focus will be on the Commerce Commission's draft price pathway decisions, which will set how much money the regulated monopolies can look to recover from their customers for the next five years. In its draft decisions the Commission has signaled on average a lowering of line charges, reflecting lower cost of capital over the next five years – though the Commission has been careful to flag that this will change in future regulated periods.

This should see lower prices flowing through to consumers, and that will be a focus for MEUG. We don't want to see a hard-fought gain for consumers off-set by increased charges elsewhere, such as for transmission pricing.

Transmission pricing will also be a focus in 2019/20, with the Electricity Authority expected to publish draft transmission pricing guidelines for consultation in late June or early July. The Authority has signaled that current interconnection and HVDC charges will be replaced by a "benefit-based charge for new investment and for future charges on selected existing major investments, and a residual charge to cover the costs of the remaining former investments that are not yet fully recovered and other costs." Whatever the approach the Authority takes, a bottom line for MEUG is that any change is supported by a robust cost-benefit analysis showing that there is a clear net benefit to consumers.

Climate-change related issues will remain a priority for the coming year as well. MEUG's view is that any policy or regulatory intervention should be evidence-based, and that decision-makers have all relevant information to allow for informed decision-making.

In that respect, MEUG has commissioned independent analysis of modelling done to date to assess what, if any, gaps exist in current modelling and what work still needs to be done to allow for informed decision-making. We expect to publish that analysis in late June or July.

Key dates

What's on	Who	When	Notes for members
Submission: Gas Act amendments	MBIE	12 June	Several amendments considered. MEUG's focus is on options for the Gas Industry Company to propose regulations for planned and unplanned outage information as that affects gas supplies to power stations.
Meeting: MEUG Annual General Meeting	MEUG	26 June	Guest visitor Hon Dr Megan Woods, Minister of Energy & Resources.
Submission: Transpower's Individual Price-Quality Path (IPP) draft decision	Commerce Commission	27 June	Draft decision published 29 May. We are analysing what topics MEUG should focus on for this important once-every-5-years decision. CC focus on consumer engagement is welcome.
Cross-submission: Information Disclosure	Gas Industry Company	27 June	MEUG's interest is on planned and unplanned outage information.
Announcements on next steps: Amendments to the Transmission Pricing Methodology (TPM) guidelines	Electricity Authority	Before end of June	This is a top priority for the EA.
Publication: Revised Electricity Demand & Generation Scenarios (EDGS)	MBIE	End of June	Inaugural EDGS published August 2016. Already out of date. This revision is too late to consider for IPP decision this year though not critical as no or little grid expansion in the next 5-years. EDGS revisions leading up to next IPP review in 2025 will be critical. This EDGS revision is also important as a prelude to MBIE updating their energy sector wide scenario forecasting capability to assist decision makers considering energy and climate change policy options.