

Update from the Chair

March 2024

Reflections on Downstream 2024

Having attended Downstream this week, I have come away asking myself how worthwhile was it to attend? The networking was valuable and enjoyable, but it was noteworthy that this year no senior executives from the gentailers or large users attended. MBIE did not attend outside of staffing Ministers. Both Ministers spoke well and took plenty of questions, leaving attendees in no doubt about their focus and priorities. There were some very good sessions. The session on AI was very interesting as was the final panel with EECA and business representatives talking about their GIDI projects and ongoing decarbonisation projects.

But Downstream is seldom the place where the industry asks itself difficult questions, or debates issues from different or contrasting perspectives. More often, Downstream tends to involve a series of participants all rowing in a similar direction.

This year Downstream started with promise, with the Chair of the Consumer Advocacy Council, Deborah Hart, confronting attendees with the [reality and impact of high prices](#), and highlighting issues with the electricity market that are well known but seldom discussed. The following panel picked up on this discussion, with panellists who held genuinely different perspectives and discussing those. Those two sessions were arguably the best sessions of the conference.

After that, though, Downstream largely involved sessions from salespeople or sessions involving those in the transmission and distribution of electricity talking about the investment and work required to achieve a lower-emissions future. The cost was often acknowledged but largely ignored. One facilitator noted that generators, Transpower, and distribution companies would need to spend around \$150 billion on infrastructure between now and 2050. And consumers, both residential and business, would also need to spend around \$150 billion. For the purpose of illustrating the challenge and acknowledging not all costs will fall this way, that means, on average, each household in New Zealand needs to pay around \$500 a month, every month, through to the end of 2050 – and also pay for their electricity on top of that. Yet no one questioned whether this might not be affordable. The sentiment was typically there would be pain now, but consumers would benefit in the long term. From the consumer side that is not evident. There needs to be discussion on the “energy wallet”.

It was hard not to feel that this year, much of Downstream was part of the industry talking to itself, with much of the wider industry and consumers not there. The panel on demand-side participation, for example, did not feature a single demand-side participant. No one was there to explain why the current regime does little to incentivise participation. There is a reason why much of the demand-side participation being agreed is through bilateral contracts between large users and generators, where parties can negotiate something that meets their respective needs outside of the Electricity Authority’s regime. An example of this is the agreement between New Zealand’s Aluminium Smelter (NZAS) and Meridian Energy who have signed a new [peak demand response agreement](#) covering winter 2024.

And Downstream is getting increasingly expensive to attend, which is a barrier to many consumer representatives and smaller businesses involved in the industry, further narrowing perspectives present.

Key dates

What's on	Who	When	Notes for members
Submission: Peak electricity capacity issues	Electricity Authority	1 March	Consultation closed on paper looking at potential solutions for peak electricity capacity issues. MEUG sub available here .
Event: HVDC outages	Transpower	4 – 14 March	Pole 2 outages over March 2024, see CAN 7 Feb .
Event: Downstream Energy conference	Freeman Media	5 – 6 March	The energy sector's annual strategic forum held in Lower Hutt.
Submission: Changes to SOROP	Transpower	6 March	Consultation on proposed System Operator Rolling Outage Plan changes. MEUG submission here . Cross submissions are due 20 March.
Feedback: Demand side survey	Electricity Authority	8 March	Authority seeking feedback on demand-side flexibility, with survey responses due 8 March.
Submission: Consumer switching	Electricity Authority	8 March	Consultation on eight options to support and promote consumer comparison and switching between electricity retailers and plans. MEUG will not submit.
Feedback: Capital expenditure and innovation workshops	Commerce Commission	11 & 19 March	Commission seeking feedback on options discussed at capital expenditure framework and innovation & non-traditional solutions workshops held in Feb/March, as part of the DPP4 process.
Cross-submission: Transpower RCP4 Issues Paper	Commerce Commission	13 March	Commission seeking feedback on its Transpower RCP4 Issues Paper that discusses the context and focus for RCP4. MEUG sub here and preparing a cross-sub on the 7 submissions received.
Release: NZ Energy Quarterly	MBIE	14 March	The New Zealand Energy Quarterly provides quarterly data and analysis on energy supply, demand, prices and associated greenhouse gas emissions.
Submission: Financeability of EDBs	Commerce Commission	15 March	Consultation on Commission's views of financeability in context of setting DPP4. Cross submissions due 29 March.
Event: ETS Auction	MfE	20 March	Next ETS auction to be held 20 March.
Meeting: MEUG Executive Committee	MEUG members	20 March	Discussion of draft strategic plan and budget for 2024/25.
Event: Energy Trader Forum	Freeman	21 March	Event for energy trading and energy/carbon markets community. March event held in Wellington.
Event: Annual outage forum	Transpower	21 March	Annual outage forum run by Transpower.
Feedback: DPP4 financial model	Commerce Commission	22 March	Feedback welcome on preliminary financial model for DPP4.
Submissions: Changes to TPM	Electricity Authority	26 March	Two consultation papers (paper 1 , paper 2) looking at amendments to the Transmission Pricing Methodology.
Deadline: Nominations for new Advisory Group	Electricity Authority	27 March	Authority is seeking nominations for its new Electricity Authority Advisory Group, that will support development of well-informed regulation. Draft terms of reference here .
Event: Energy Resource Taranaki Forum	Freeman	27 March	Online event to discuss and debate the current and long-term opportunities and challenges for the energy resources sector.
Public Holiday: Good Friday	All	29 March	Easter holiday.
Deadline: Stress test disclosures	Electricity Authority	31 March	Stress test disclosures due end of March for applicable participants in the wholesale electricity market.