



MAJOR ELECTRICITY USERS' GROUP

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Press Release – For Immediate Release

Major Electricity Users Group (MEUG) welcomes report by the Auditor-General

The Major Electricity Users Group (MEUG) welcomes the report by the Auditor-General yesterday on Managing the assets that distribute electricity.¹ The Auditor-General noted room for improvement in managing for the longer term, saying:

“Electricity distribution businesses own assets with long useful lives, and we expect them to understand the financial effects of maintaining and replacing these assets for a substantial portion of the assets’ life. Instead, the three companies’ focus was largely on the short term. With a longer-term focus, the three companies can make better-informed decisions about how to manage their networks.

Improving knowledge of asset condition, performance of critical assets, and risk management strategies would complement the asset management practices that we observed. These are fundamental for electricity distribution businesses as their networks continue to expand and new technologies emerge.”

Concerns over the capacity, scale and investment in non-core investments by some, not by no means all, of the 29 local line companies have been reinforced by this report. In aggregate consumers pay around \$2.5 billion per annum for local line charges so small improvements in productivity over the long term can make a real difference. MEUG acknowledges the Electricity Networks Association (ENA) is actively looking at this as an issue, as is the Electricity Authority and the Commerce Commission, and we look forward to seeing continued progress following the release of the Auditor-General’s report yesterday, concluded MEUG Chair John Harbord

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¹ Refer http://www.oag.govt.nz/2017/electricity-distribution?utm_source=subs&utm_medium=subs&utm_campaign=electricity

About MEUG²

MEUG is a trade association which works across regulatory regimes, parties in the supply chain and with consumers to improve New Zealand's electricity sector.

MEUG members collectively spend in excess of \$650 million on electricity every year comprising in excess of \$500 million on energy and approximately \$150 million on line services. MEUG members collectively employ more than 25,000 staff and in the order of 15,000 people are indirectly employed.

Members contribute approximately \$15 billion to the Gross Domestic Product of New Zealand.

It is critical to the good health of this country's economy that members can access electricity reliably and at a fair price. It is MEUG's purpose to represent the interests of members so this can occur in the long term.

ENDS

² A 2-page backgrounder listing members and policy topics MEUG is interested in for 2017-18 can be found at web page <http://www.meug.co.nz/node/846>