



# MAJOR ELECTRICITY USERS' GROUP

15 December 2017

Carl Hansen  
Chief Executive  
Electricity Authority  
By email to [submissions@ea.govt.nz](mailto:submissions@ea.govt.nz)

Dear Carl

## Consultation Paper – 2018-19 Appropriations

1. This is a submission by the Major Electricity Users' Group (MEUG) on the Electricity Authority (EA) consultation paper, 2018-19 Levy-funded appropriations and work programme focus areas, 21 November 2017.<sup>1</sup>
2. MEUG members have been consulted in the preparation of this submission. This submission is not confidential. Some members may make separate submissions.
3. MEUG supports the following proposed expenditure for 2018-19:
  - Total operational appropriation of \$74.270m<sup>2</sup>;
  - The security management contingent appropriation of \$6m for the next 5-years<sup>3</sup>; and
  - The contingent electricity litigation fund of up to \$1m.<sup>4</sup>
4. There are no surprises in the proposed focus of the EA 2018-18 work programmes as these have been well communicated to stakeholders including bi-lateral discussions.<sup>5, 6</sup> For Programme B, we assume work on a default distribution agreement, a 2<sup>nd</sup> tier work priority this year, will not be completed by end of June 2018 and therefore will be carried over as a priority for 2018-19.
5. MEUG supports an appropriation increase of approximately \$3.221m in 2021-22 and \$3.061m in 2022-23 and out-years for Real-Time-Pricing (RTP) provided<sup>7</sup>:

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<sup>1</sup> URL <https://www.ea.govt.nz/dmsdocument/22843> at <https://www.ea.govt.nz/about-us/corporate-projects/201819-planning-and-reporting/consultations/#c16902>

<sup>2</sup> EA consultation paper Q1.

<sup>3</sup> Ibid Q5.

<sup>4</sup> Ibid Q6.

<sup>5</sup> Ibid Q3.

<sup>6</sup> A discussion on current year work programmes was held with Carl Hansen, EA CEO, on 15 September 2017.

<sup>7</sup> EA consultation paper Q4.

- The EA is satisfied that following the current review of submissions on RTP that the national cost-benefit-analysis was robust and therefore the benefits to consumers exceed the implementation costs, most of which are to be recovered in these future appropriations; and
- Before an increase in total operational appropriations are sought, any future savings in the winding down of resources on facilitating consumer participation are used to off-set the increase of funding needed to implement RTP.<sup>8</sup>

Yours sincerely

A handwritten signature in black ink, appearing to read 'R. Matthes', with a long horizontal stroke extending to the right.

Ralph Matthes  
Executive Director

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<sup>8</sup> Consultation paper paragraph 3.15 discusses proposed savings in facilitating consumer participation.