MAJOR ELECTRICITY USERS' GROUP

Memo for discussion with EECA Board, 25th November 2014

Justifying EECA interventions because of market failure in the energy efficiency market is difficult to prove empirically and conceptually seems to be limited to information asymmetry or energy prices not reflecting externalities.

Funding EECA interventions by a levy on electricity users' was a poor political decision without the foundation of good policy design. The levy approach to funding part of EECA's work is unsustainable.

As long as electricity users' pay a levy they will ask further questions about what value they get compared to deciding how best they should use those monies.

Consumer	Demand[1] GWh pa	EECA levy[2] $k pa	
PacAl	4,961	1,608	
CHH	1,200	389	
NZ Steel	1,100	357	
Fonterra	1,000	324	
Pan Pac	628	204	
FBL	500	162	
NST	500	162	
PEL	300	97	
Refining NZ	300	97	
WPI	280	91	
Oceana Gold	145	47	
Whakatane Mill	140	45	
Holcim	70	23	
Heinz Watties	59	19	
Dongwha	58	19	
Ravensdown	28	9	
Lion	23	7	
MEUG members	11,277	3,660	28%
All consumers	40,111	13,000	100%

NPV 5 years @10% = $13.9m

Ralph Matthes
Executive Director

[1] Demand refers to gross demand, ie no including onsite co-generation. Some values are estimated
[2] Assumes 2014/15 invoiced rate of $0.3241/MWh

Level 1, 93 The Terrace, Wellington 6011, New Zealand
PO Box 8085, The Terrace, Wellington 6143, T +64-4 472 0128, info@meug.co.nz , www.meug.co.nz