

Zero Carbon Bill

MEUG looks forward to speaking to the Environment Select Committee on our submission on the Zero Carbon Bill.

MEUG supports the purpose of the bill to provide a framework by which New Zealand can develop and implement clear and stable climate change policies that contribute to limiting global temperature increases to 1.5 degrees Celsius above pre-industrial levels. However, we have concerns that the requirement for the Climate Change Commission to provide its first carbon budgets by February 2021 is unrealistic.

The Interim Climate Change Committee took around one year to produce reports into two sectors of the economy. The Climate Change Commission will be required to produce seven sector reports, an economy-wide report, and a report on what is happening internationally in that same timeframe – with no additional staff or resourcing.

Treasury's quality assessment of the Regulatory Impact Assessment on the bill made it clear economic impacts were understated. Independent advice MEUG commissioned from NZIER highlights significant gaps in MfE's modelling of impacts. If ministers are to make informed decisions with far-reaching impacts on the economy, it is important they have access to reliable, quality information. Our concern is the bill doesn't provide the Climate Change Commission with the time to provide that advice.

Transmission pricing

The Electricity Authority (EA) released its transmission pricing methodology (TPM) issues paper and draft TPM guidelines for consultation on 23 July. The focus for MEUG's submission will be an assessment of whether the cost-benefit analysis (CBA) is both positive and robust, and we will be commissioning advice from NZIER to assist with that work.

At the Authority's 23 July announcement, there was some scepticism of the increase in the CBA net benefit compared to the 2016 TPM proposal. This will likely be a contentious issue in relation to any changes to the current TPM for existing assets. The EA proposal does give more flexibility and discretion to Transpower on how that might be managed.

At the Executive Committee

We would like to thank Jonathan Young, the National Party spokesperson on Energy and Resources, and David Prentice and the team at the Interim Climate Change Committee for their attendance and contribution at our July Executive Committee meeting. We would also like to thank James Stevenson-Wallace and the team at the Electricity Authority for presenting to us on

transmission pricing, as well as their work programme in the spot and hedge markets, and MBIE for presenting on their energy and resources work programme.

The Executive Committee looks forward to hosting Marc England, Chief Executive of Genesis Energy, in Auckland this month.

Key dates

What's on	Who	When	Notes for members
Announcement: Final report from EPR and government response	Minister of Energy	Expected to be in mid-August	The Electricity Price Review (EPR) panel reported to the Minister at the end of May.
Hearing: Zero Carbon Bill submissions	Environment Select Committee	August	MEUG has asked to be heard at the select committee hearings. Date to be advised.
Cross-submission: Default Price-Quality Path (DPP) effective 1 st April 2020	Commerce Commission	12 August	29 parties including MEUG made submissions. Focus for cross-submission will be on quality and incentive issues using advice from NZIER.
Presentation: report "Energy Efficiency First – the Electricity Story"	EECA	13 August	Energy Efficiency & Conservation Authority (EECA) report on their updated data and model forecasting potential electricity efficiency opportunities.
Consultation starts: Change to treatment of operating leases	Commerce Commission	15 August	Technical change to Input Methodologies (IM) to align with DPP and IPP resets.
Forum: Energy Trader Forum, Wellington	Freeman Media	15 August	Quarterly forum involving electricity and gas trader and service provider speakers.
Meeting: MEUG Executive Committee, Auckland.	MEUG	21 August	Guest visitor Marc England, CEO of Genesis Energy.
Function: Deloitte Energy Excellence Awards	Deloitte	21 August	The energy industry's premier annual awards event held in Auckland.
Decisions: relating to Transpower's Individual Price Quality Path (IPP) effective 1 st April 2020: <ul style="list-style-type: none"> • IPP determination • IM changes to support IPP decisions 	Commerce Commission	29 August	Final IPP determination subject to some historic data and WACC inputs being finalised. Final decision with up-to-date input values announced 14 th November. IM changes comprise adjustments to the Incremental Rolling Incentive Scheme (IRIS), new reopeners and EV account balance carry forwards.