

July a reminder of how supply and demand are affected by weather volatility

NIWA reported that July was the wettest July since NIWA's virtual climate station network analysis began in 1971, and the fourth warmest July since NIWA's seven station temperature series began in 1909. In the electricity market that has seen demand dampened, the mix of supply shifting to more hydro and wind, and importantly the prospect for the balance of the year and early next year erring towards more certainty as gas supply firms up and traditional spring inflows will top up already very good lake levels. Correspondingly New Zealand demand-weighted average monthly spot prices for July averaged \$109/MWh, the lowest monthly price this year. The last time prices in July were lower was in 2018 at \$81/MWh.

MEUG welcomes Channel Infrastructure as a new member

We are delighted to welcome Channel Infrastructure as a new member of MEUG. Channel Infrastructure NZ Limited (formerly The New Zealand Refining Company Ltd), based at Marsden Point in Northland, historically operated the country's only oil refinery, refining and supplying transport fuel (gasoline, diesel, jet fuel and bunker fuels) directly to Auckland via the Refinery to Auckland Pipeline (RAP) and fuel for distribution nationwide by coastal tanker or truck.

Refining NZ was renamed Channel Infrastructure (Channel) from April 2022 and now operates as an import terminal from Marsden Point under long-term contracts with its three customers, BP, Mobil and Z Energy. Channel owns critical infrastructure, supplying the Northland and Auckland markets, which make up 40% of New Zealand's fuel demand, and all of the jet fuel to the Auckland International Airport. Utilising the deep-water harbour and jetty infrastructure at Marsden Point, as well as 280-million litres of storage tanks, and the 170-kilometre pipeline from Marsden Point to Auckland, Channel imports, stores, tests and distributes fuel owned by BP, Mobil and Z Energy. Channel's wholly-owned subsidiary, Independent Petroleum Laboratory, provides quality fuel testing services at Marsden Point and around New Zealand.

For further information on Channel Infrastructure, see their web-site at www.channelnz.com or the NZX announcements page <https://www.nzx.com/companies/CHI/announcements>. You can also review their recent Investor Day presentation pack https://channelnz.com/wpcontent/uploads/2022/07/Investor-Day-Presentation-Pack_4July2022.pdf.

Acknowledging James Stevenson-Wallace

We wish James all the very best in his new role as Chief Executive of Landcare Research, and thank him for his leadership in the sector and for his engagement with MEUG and our members in his time at the Electricity Authority.

Key dates

What's on	Who	When	Notes for members
Cross-submission: Input Methodologies (IM) draft framework	Commerce Commission	3 August	IMs are generic foundations for regulation of electricity, gas, airport, and fibre monopolies.
Cross-submission: IM review process and issues	Commerce Commission	3 August	Ditto. Thirty-three parties, including MEUG, made submissions. Hereon till mid-2023 several intensive consultation rounds on IM review.
Submission: Update of connection asset replacement costs	Transpower	11 August	Affects allocation of costs between parties not total revenue for existing connection assets. Cross-submissions close 18 August.
Submission: Net Zero Grid phase 1 shortlist	Transpower	15 August	Proposed \$342m for “readiness” projects, i.e., not BAU and not essential major capex (> \$20m). The quandary: consumers bear risk of investment never being used and on flip side, consumers bear costs if grid not available to connect new low-cost generation.
Submission: Retailer financial stress data request	Electricity Authority	23 August	MEUG members not directly affected. Maybe indirectly affected by precedent, afforded by recent Code change, for EA to seek more data from participants. This proposal being the first precedent.
Monthly meeting: MEUG Executive Committee	MEUG	24 August	Agenda to be set. Depending on timing EA could discuss the consultation paper on inefficient price discrimination due in August.
Submission: Updating system operator policy statement for RTP	Electricity Authority	30 August	Non-controversial. MEUG not submitting.
Submission: Targeted ID review tranche 1	Commerce Commission	31 August	Information Disclosure (ID) requirements apply to all Commerce Act Part regulated monopolies.