

Reflections on the year that was**2020 has been the year of COVID-19**

There is little doubt 2020 will be remembered as the year COVID-19 hit the world. Global responses to the pandemic have varied. New Zealand, as a geographically remote island nation, had some advantages and decisive action by the Government has seen New Zealand suffer the lowest per capita rate of fatalities in the OECD.

The electricity sector responded well to the pandemic and new ways of working, ensuring the continued supply of power to homes and businesses throughout a challenging time. All those involved in the generation and distribution of electricity should be congratulated for their considerable efforts.

Election 2020 will see little change in direction

New Zealand First failing to make it back into Parliament following the election and the subsequent formation of the current Labour-Greens government will largely see a continuation of the policies and direction of the last three years. The re-appointment of Minister Woods to the Energy & Resources portfolio is welcome and a clear sign of this continuation.

The climate change debate continues to evolve

With the passing of the Emissions Trading Scheme legislation in 2020, to go alongside the Zero Carbon Act, New Zealand's climate change response framework is in place. The debate on whether public policy aligns with aspiration is over. The Climate Change Commission has made it clear it sees its role as advising Government on how to reach its ambitious targets. It remains to be seen how the Commission's positioning aligns with its requirements under s. 5M(c) of the Climate Change Response Act to consider the likely economic effects of their advice.

Reform continues through incremental regulatory improvements

The wholesale electricity price remains high and continues to hurt those businesses exposed to it. Some MEUG members have responded by coming together and going to market with a renewable electricity generation project, which in addition to contributing to carbon emissions reduction should result in lower prices for participating companies.

Transmission pricing reforms are progressing and we have increasing clarity on the direction of travel. The default and individual price/quality pathway decisions of 2019 were implemented this year, saving consumers tens of millions of dollars. Default Distribution Agreements were signed off by the Electricity Authority and real time pricing implementation is underway. And the

Authority and MBIE are well into implementation decisions following the Electricity Price Review. Overall, the direction of travel in ongoing regulatory reform is good and we expect consumers to benefit as a result.

Key dates

| What's on | Who | When | Notes for members |
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| Workshop: Net Zero emissions | Freeman Media | 2 December | Available online. |
| Submission: Extending the Electricity Price Review recommendations to the Gas Market | Gas Industry Company | 4 December | A viable, innovative, efficient, and well governed gas sector is critical for the electricity sector, particularly for back-up generation. |
| Submission: EA draft levy funded 2021-22 appropriations | Electricity Authority (EA) | 8 December | Proposed budget \$78.157m. This is 1.6% (\$1.221m) higher than the current year appropriation. |
| Conference: Decarbonising Heat, venue in Auckland and online | Conferenz | 8-9 December | Theme is "Pathways to the decarbonisation of heating and industrial process heat". Several MEUG members are presenting. |
| Submission: Transmission Pricing Methodology (TPM) options paper | Transpower | 14 December | Considers the key new component of Benefit Based Charges (BBC). Cross-submissions due 18 January. |
| Submission: Draft decision to approve \$35.9m for Transpower's Bombay-Otahuhu Major Capex Proposal (MCP) to be online in April 2023 | Commerce Commission (CC) | 17 December | Transpower capex > \$20m must be approved by the CC. Parties that will pay for the approved MCP will be decided using the being developed new TPM BBC methodology. Cross-submissions due 22 January. |
| Submissions: Draft decision on Aurora CPP | Commerce Commission | 18 December | The Customised Price-Quality Path (CPP) will take effect 1 April 2021. Cross-submissions due 18 January. |
| Submission: EECA draft levy funded 2021-22 appropriations | EECA | 21 December | Proposed electricity levy \$5.5m, unchanged from the current year. |
| Decision: Undesirable Trading Situation (UTS) claim alleged 2019Q4 | EA | This month | Important decision on a subset of specific circumstances and outcomes that are part of a broader theme (one of four) in MEUG's Briefing for Incoming Ministers titled "Electricity wholesale price competition". |