



MAJOR ELECTRICITY USERS' GROUP

Update from the Chair

July 2016

What's on in July?

July is a busy month with major submissions due on:

- Transmission Pricing and distributed generation with the EA, and
- Input Methodologies review decisions with the Commerce Commission.

Transmission pricing

We are working to finalise our submission on transmission pricing over the coming weeks, with submissions closing on 26 July. That marks an important milestone on the TPM pathway, but it's equally important to keep an eye on the remaining process and timeframes.

The EA will consider submissions and issue their finalised guidelines to Transpower in late November/early December. Transpower will then have 12 months to actually draft the transmission pricing methodology and we expect to see at least two rounds of consultation in that 12 month period. These consultation periods are when interested parties will see what the TPM will actually look like and be able to assess with a greater degree of certainty potential impacts.

At this point in the process we will also get to see a comprehensive cost benefit analysis from Transpower, which will inform debate and subsequent submissions.

Assuming the EA does not have questions or issues in relation to Transpower's proposed TPM, the EA will then consult on the TPM before considering whether to adopt it into the Code. So plenty of work still to be done.

Input methodologies

Input methodologies are inter-related with TPM and both have far-reaching consequences for members. We have two regulators in the electricity sector and it's pleasing to see both regulators working together to integrate their respective programmes and thinking.

MEUG has an input methodologies teleconference with the Commerce Commission this week. We applaud the Commission's ongoing willingness and availability to discuss input methodologies and answer questions members have.

EECA attending MEUG Executive Committee in July

EECA are attending the MEUG Executive Committee meeting on 27 July. I'd like to take the opportunity to acknowledge Chief Executive Mike Underhill's announcement that he will be retiring at the end of the year and the willingness of EECA under Mike's leadership to engage with consumers. It's something which we have always valued and appreciated.

What's on in August?

We are looking forward to hosting the Minister of Energy and Resources, Hon Simon Bridges, at meeting of the MEUG Executive Committee on 24 August.

Key dates

What on	Who	When	Notes for members
Cross-submission: Targeted review of the Commerce Act	MBIE	21 July	Any changes could have a significant effect on firms which have market power and, as a result, their competitors. The issues are likely to be especially acute for firms on which downstream competitors rely for access to an essential facility.
Submissions: <ul style="list-style-type: none">• Transmission Pricing Methodology (TPM) second issues paper and proposal; and• Review of distributed generation pricing principles (DGPP).	EA	26 July	Proposed changes to TPM and DGPP will potentially affect incentives on consumers, generators and Transpower. An improved set of policies will lead to a better mix of future investment and lower delivered costs. Conversely making the wrong decisions will be a drag on the economy and harm consumers. There is no single correct text book answer here, hence the package as a whole is important.
MEUG executive committee monthly meeting	MEUG	27 July	EECA staff will be discussing options to improve EECA levy funded programs with MEUG members after the meeting.
Submission: Input Methodologies (IM) review.	Commerce Commission	4 August	The CC have just announced a one week extension from the prior deadline of 28 July. The Commission are proposing few changes to the existing IMs that were put in place in 2010. As with TPM and DGPP noted above, what's important is that the overall package of incentives work cohesively so that consumers of line services and monopolies have certainty as well as equity about longer term regulatory policy settings as emerging technologies and new business models erode the interface between monopoly and competitive services.