

**Getting our targets right**

Alongside Zero Carbon legislation progressing through Parliament, the Interim Climate Change Committee is developing evidence and analysis on key issues for climate change policy in New Zealand, including on how New Zealand can achieve 100% renewable electricity by 2035 (in normal hydrological conditions) and whether agriculture should become a participant in the ETS.

In advising the Government on this target, we hope the Committee provides advice on whether pursuing 100% renewable electricity is the best approach to achieving the wider goal of net zero emissions by 2050. That might be fraught political territory for the Committee to stray into, but the reality is that the expense of achieving 100% renewable generation outweighs the benefits of doing so.

Rather than focusing on squeezing out the last few forms of non-renewable generation in electricity we should be looking at a target level of renewables within energy, particularly transport, where we could achieve much greater reductions in carbon emissions at much lower cost and disruption – and without undermining security of supply to households and businesses.

Ultimately, a renewable energy target would help us achieve national net zero emissions more efficiently and at much less cost than a 100% renewable electricity target would.

**Transmission pricing back on the agenda**

The Electricity Authority has now set out its next steps in its review of transmission pricing guidelines, including commissioning a new cost-benefit analysis (CBA) and public consultation.

MEUG's bottom line is that a CBA must be positive to support any changes to the existing methodology. While we know there are some problems with the existing transmission pricing methodology, we need to be clear that proposed solutions don't just shift the burden of the problem from one set of consumers to another or create new problems – any changes should clearly improve the outcomes to consumers in the long-term.

**MEUG annual general meeting**

I would like to thank Hon Dr. Megan Woods, the Minister of Energy and Resources, for attending and participating in the MEUG annual general meeting in June. This month we look forward to hosting the Minister for Climate Change, Hon James Shaw, for the first time, members of the Interim Climate Change Committee, and also Dr. Brent Layton, Chair of the Electricity Authority.

## Key dates

| What's on  | Who                          | When    | Notes for members  |
|--|------------------------------|---------|--|
| Submission: Lower North Island eligible distributed generation for ACOT payments | Electricity Authority        | 03 July | Lower South Island already consulted on. Our interest is in methodology ahead of future consultation on the more complex Upper North Island and Upper South Island regions.  |
| Workshop: Quality of Supply refresher  | Commerce Commission          | 03 July | Refresher of current default price pathway (DPP) quality of service regime as we start work on DPP reset effective April 2020.   |
| Seminar: Deep Dive into the big questions  | ERANZ                        | 04 July | Part of electricity retailers Talking Heads seminar series.  |
| Submission: Thermal fuel limitations in the hydro risk curve.                    | System Operator              | 06 July | The proposed solution has addressed concerns by MEUG and many other parties in prior consultation rounds.  |
| Submission: Proposed process for setting next Default Price-Quality Path (DPP).  | Commerce Commission          | 17 July | 17 of the 28 EDB are subject to DPP. The next 5-year DPP starts 1 April 2020. This paper consults on the proposed process over the next 18 months before decisions are made on the DPP reset at the end of 2019.   |
| Submission: Zero Carbon Bill   | Ministry for the Environment | 19 July | Consultation on defining what an ambitious net zero target for 2050 should be and scope and role of an independent Climate Change Commission.  |
| Workshop: Help us shape the future of NZ's Energy sector                         | BusinessNZ Energy Council    | 25 July | Start of new BEC 2060 project (a refresh of the BEC 2050 project).   |
| MEUG Executive Committee monthly meeting   | MEUG                         | 26 July | Guests: <ul style="list-style-type: none"> <li>Hon James Shaw, Minister for Climate Change</li> <li>Interim Climate Change Committee</li> <li>Dr. Brent Layton, Electricity Authority Chair</li> <li>After the meeting – EECA on minimum energy performance standards regulation.</li> </ul> |
| Submission: Review of Customised Price-quality Path process                      | Commerce Commission          | 31 July | Review using learnings from Powerco and Wellington Electricity Lines Ltd CPP applications to improve the process.  |