

Greater certainty for major users

We start July with greater certainty on two long-standing topics that the Electricity Authority (EA) has been working on for some time:

- a timeline for consultation on transmission pricing
- the decision to proceed with real time pricing (RTP)

MEUG will be engaging closely in the transmission pricing consultation on the basis that any changes need to be supported by robust cost-benefit analysis.

In welcome news, last Friday the EA confirmed it will implement real time pricing, describing it as “the largest change to the wholesale spot market since its inception in 1996.” Expected go-live date for RTP is September 2022.

To ensure we get the most from RTP, the experience and insight of market participants will be crucial to reduce the risk of unintended consequences or missed opportunities for better outcomes in implementation. MEUG will engage with the EA and the system operator throughout the process.

Price-quality pathway resets good news for consumers

The Commerce Commission’s five-yearly price-quality pathway resets the maximum allowable revenue of Transpower and the 15 regulated electricity distribution companies (EDBs). The Commission’s draft decisions indicate:

- Transpower charges will decrease by \$87m (9.4%) on 1 April 2020 to \$842m.
- The sum of EDB charges will decrease by \$50m (4.6%) on 1 April 2020 to \$1.04b. The actual spread between EDBs ranges from -34% for Centralines to +9% for Aurora with the largest EDB, Vector, having a 3% decrease.

MEUG expects decreases in lines charges will be passed on, leading to lower electricity costs for all consumers.

At the Executive Committee

MEUG was pleased to host Energy and Resources Minister Hon Dr Megan Woods at our AGM in June and we would like to thank the Minister for her ongoing engagement with us. This month, amongst other guests the MEUG Executive Committee looks forward to hosting the Interim Climate Change Committee and the National Party energy spokesperson, Jonathan Young.

Key dates

What's on	Who	When	Notes for members
Announcement: Transmission Pricing Methodology (TPM)	Electricity Authority	9 July	Publication of issues paper and draft TPM guidelines. Submissions will close 18 September and cross-submissions 17 October.
Submission: Treatment of operating leases	Commerce Commission	10 July	One of several complimentary consultations over July to facilitate IPP and DPP reset proposals.
Cross-Submission: Transpower's Individual Price-Quality Path (IPP)	Commerce Commission	11 July	5-parties including MEUG made submissions. MEUG's cross-submission will focus on Transpower's as it was comprehensive.
Submission: Climate Change Response (Zero Carbon) Amendment Bill	Environment select committee	16 July	The bill establishes a Climate Change Commission to advise governments on 5-year emission budget steps to achieve zero greenhouse gas emissions by 2050. MEUG has an interest because climate change response policies can affect electricity and gas security of supply and prices.
Submission: Default Price-Quality Path (DPP) reset to take effect 1 April 2020	Commerce Commission	18 July	Will apply to 15-Electricity Distribution Businesses with aggregate allowable revenue excluding passed through transmission charges of ~\$1.04 billion pa, down \$50m (4.6%) from 2019/20.
Submission: Waikato & Upper North Island Voltage Management	Transpower	22 July	Consulting on ~\$137 million of capital for 1 st stage (to be recovered from interconnection charges) to be completed before winter 2023 prior to formal application to Commerce Commission for approval.
Meeting: MEUG Executive Committee.	MEUG	24 July	Guest visitors (so far) include Dr David Prentice, Chair Interim Climate Change Committee, and Jonathan Young, National Party energy & resources spokesperson.
Briefing: Trading conduct provisions in the Code	Market Development Advisory Group (MDAG)	30 July	MDAG will report to the Electricity Authority on their review of pivotal pricing work to date. This may be a factor contributing to high spot prices since spring 2018.