



Update from the Chair

June 2022

Getting started on the Energy Strategy

In May the Government released its Emissions Reduction Plan. Work is already underway at MBIE on a key output of the plan, the Government's energy strategy.

MEUG would like to express its appreciation to Justine Cannon and the energy and resources team at MBIE for the engagement we have already had on the energy strategy and we look forward to engaging further as the strategy is developed over the next couple years.

It's our hope that the strategy, and the process of the strategy's development, will help reduce some of the risk and uncertainty in the sector. The sector has, in recent years, experienced a structural shift following moves to put New Zealand on the path towards net zero by 2050 and the resulting electrification programme required to get us there. There will be further volatility as we transition ever closer towards 100% renewable electricity generation.

Key areas of interest for MEUG will include:

- A regulatory environment which stimulates further renewable generation
- Greater clarity on the role of thermal generation
- Increasing intermittency and peaks as a result of increasing renewable generation, as well as dry year risk
- Competition within the market
- Plans for single-business hard to abate industries

Recognising excellence in the sector

While the Government's energy strategy looks forward at the transition to a lower emissions future, it's worth recognising the work underway in our sector. Last week the Institute of Finance Professionals New Zealand (INFINZ) had their annual awards and it was great to see so many in the electricity sector recognised. In particular, we'd like to acknowledge:

- Contact Energy, for winning the Best Investor Relations Award
- Contact Energy, for winning the NZ Debt Market Issue of the Year Award with their Green Capital Bond
- Mercury NZ, for winning the M&A Transaction of the Year Award, with their acquisition of Tilt Renewables' New Zealand assets
- Mercury NZ, for winning the Excellence in Treasury Award

A big congratulations to Vince Hawksworth and the team at Mercury NZ, and to Mike Fuge and the team at Contact Energy.

It was also pleasing to see Garth Ireland, who has been an advisor to MEUG, win the INFINZ Distinguished Fellow Award. Only seven people have ever been awarded the distinguished fellow award, so great recognition for Garth's work over many years.

Key dates

What's on	Who	When	Notes for members
Cross-submission: TPM – Benefit Based Charges (BBC) assumption book	Transpower	3 June	BBC is a key element of the new Transmission Pricing Methodology (TPM) to take effect from 1 April 2023.
Submission: Security of Supply Annual assessment	System Operator	8 June	Annual 10-year forecast.
Submission: TPM - initial BBC application to CUWLP	Transpower	14 June	CUWLP refers to the Clutha Upper Waitaki Line Project. Cross-subs due 21 June.
Submission: Powerco CPP to DPP transition	Commerce Commission	16 June	Powerco current Customised Price-Quality Path (CPP) ends March 2023. Then shift to last 2-years of the current Default Price-Quality Path (DPP).
Submission: IPP/RCP4 service measures	Transpower	18 June	Start of Transpower preparing for 5-year Individual Price-Quality Path (IPP) reset from April 2025, i.e., Regulatory Control Period 4 (RCP4) for Transpower.
Submission: TPM – Existing PDAs & NEC	Electricity Authority	22 June	Possible code changes for two existing Prudent Discount Agreements (PDA) and one Notional Embedding Contract (NEC) to align with new TPM.
Annual General Meeting	MEUG	22 June	Guest speaker: Hon Dr Megan Woods.
Submission: Input Methodologies (IM)	Commerce Commission	27 June	Two papers: Framework paper, and Process & Issues paper. Updating IM important ahead of DPP and IPP/RCP4 resets for EDB and Transpower respectively. Cross-subs due 20 July.