

Electricity pricing review options paper to the fore

The Electricity Pricing Review panel's options paper will be a focus for MEUG through March. The paper makes it clear that the sector is performing well and is not in need of substantive reform, while highlighting areas where there remains further work to do.

MEUG is broadly supportive of the panel's recommendations on strengthening the consumer voice and reducing energy hardship, though we believe much of what the panel recommends should be paid for out of general taxation rather than additional levies on consumers, e.g. establishing a cross-sector group of government agencies and suppliers to focus on reducing the impacts of hardship.

Likewise, MEUG is in general agreement with options to increase retail competition and reinforce wholesale market competition, though there are details to work through in terms of introducing mandatory market-making obligations, making generator-retailers release information about the profitability of their retailing activities, and monitoring contract prices and generation costs more closely.

We are unconvinced that issuing government policy statements on transmission and distribution pricing will speed up that work or produce better outcomes, though they may mitigate any litigation risk associated with that work.

When it comes to improving the regulatory system MEUG was pleased to see the panel recommend against imposing environmental and fairness goals on the regulators as we think there are better mechanisms to achieve consumer protection. Likewise, we strongly support the recommendation against transferring regulatory powers from the Electricity Authority to the Commerce Commission, which we regard as little more than regulated monopolies "regulator shopping" for an easier ride.

While the panel is undecided about establishing a joint electricity and gas regulator, MEUG supports investigating the strategic operational and governance relationships between the gas and electricity sectors. Our view is the events of last spring have highlighted shortcomings in current gas sector regulation that are spilling over into the electricity sector and contributing to current high wholesale prices.

Low carbon future a focus for the Executive Committee in March

The Minister of Climate Change and Green Party co-leader, Hon James Shaw, is attending the MEUG Executive Committee meeting in March to update us on current work as well as to discuss his plans and thinking for the future. The Ministry for the Environment is also attending the March meeting to take the Executive Committee through their climate change modelling work.

Key dates

What's on	Who	When	Notes for members
Workshop: Default Price-Quality Path (DPP) workshop	Commerce Commission (ComCom)	8 March	DPP reset for 5-years starting April 2020. In excess of \$2 billion p.a. regulated revenues at stake. A focus for MEUG is more granular accountability for consumers receiving different service levels and cost of supply. Some resistance from CC and distributors to implement.
Event: EA networking event, Auckland	Electricity Authority	4 March	Annual event prior to start of Downstream each year.
Conference: Downstream	Conferenz & Energy News	5-6 March	The premier annual energy conference in New Zealand. MEUG is a supporting organisation for the conference.
Cross-submission: Transpower Individual Price-Quality Path issues paper	ComCom	7 March	IPP reset for 5-years starting April 2020. ~ \$1 billion p.a. regulated revenues at stake. A focus for MEUG is poor progress by Transpower in implementing asset criticality along with Transpower reluctance to forecast who will pay and who benefits for new major capex and listed projects.
Workshop: DPP	ComCom	8 March	See DPP cross-submission above.
Workshops (3): Consumer Interests, Industry Regulation, and Regulation & low carbon	Electricity Price Review (EPR)	12-13 March	No fundamental issues identified. New areas being considered are how to factor in the Government's well-being concepts and adaptation to a low carbon economy.
Submission: EPR	EPR	22 March	See above. Report to Minister by May.
Meeting: MEUG monthly Executive Committee	MEUG	26 March	Hon James Shaw, Minister for Climate Change, guest visitor. Ministry for the Environment staff attending to discuss climate change modelling.
Submission: Summary of Brunswick to Stratford major capex submissions and Non-Transmission Services	Transpower	29 March	MEUG not making a submission but watching progress. A focus for MEUG is Transpower's unwillingness to forecast who will pay costs and who benefits.