



MAJOR ELECTRICITY USERS' GROUP

Update from the Chair

November 2017

Looking ahead at the next three years

The new Labour-led Government has now been sworn in and MEUG is looking forward at the next three years and what the change of government means for the electricity sector. The agreements between the governing parties are largely silent on the sector, with the exception of the review of the retail electricity sector and measures to assist those on low or fixed incomes with winter electricity bills.

Of particular interest is the scope of the retail sector review, including whether it looks at all the inputs into retail electricity prices, including distribution prices.

Heading towards the end of the year

A primary focus for MEUG in November will be the Commerce Commission's draft decision on Powerco's customized price-quality pathway (CPP), setting capex and opex for Powerco over the five-year regulated period. MEUG has been particularly interested in Powerco's application for its potential precedent effect as the first true CPP following Orion's post-Canterbury earthquake CPP.

In what has been a significant project for Powerco, I would like to acknowledge the exemplary approach Powerco has taken to stakeholder engagement, including the efforts of Richard Fletcher and all those at Powerco who have been involved. MEUG members have benefitted significantly and learned a lot from the process to date.

Visiting Vector's Glenn Innes substation

At our October meeting, the MEUG Executive Committee visited Vector's Glenn Innes substation which, when it was opened, was Asia Pacific's first grid scale Tesla Powerpack battery storage system to be integrated into a public electricity network. Vector's Glenn Innes system received a highly commended award at this year's Innovation Awards for innovation in technology solutions.

With a storage capacity of 1MW/2.3MWh, the equivalent to powering 450 average homes for 2.3 hours, the Tesla Powerpack allows Vector to continue to provide a secure, reliable power supply and extend the life of the substation.



MEUG would like to extend its thanks to Vector, and in particular Cristiano Marantes, Andrew Fraser, Steve Heinen, Richard Sharp and Rogier Simons for hosting the Executive Committee in what was a highly informative site visit.

A sustainable future at O-I

The MEUG Executive Committee also visited O-I, our newest member. O-I has operated as New Zealand's only glass bottle and jar manufacturer at its Penrose plant since 1922. The plant operates three furnaces and six production lines, producing glass packaging for New Zealand's world-renowned wine, beer, juice and water brands 24 hours per day, 365 days per year.

The technology involved and the people there are world leading, producing innovative, sustainable products recognizable in almost every kiwi home. A special thank you to Penny Garland, Kitim Leong and Matt Rowe for hosting us and making us feel so welcome.



Key dates

What's on	Who	When	Notes for members
Submission: Data & data exchange	EA	7 Nov	MEUG is not submitting though we are taking an interest in all the EA's data-related projects
Submission: Wind generation offers	EA	7 Nov	MEUG is not submitting as we have no concerns regards proposed changes
Submission: Gas Customised Price-quality Pathway (CPP) info	CC	7 Nov	MEUG has yet to decide whether to submit based on relevance to the electricity sector
Submission: Individual Price Path asset health trial reporting	CC	9 Nov	MEUG may submit; cross-submissions close 23 November
Seminar: Energy Trader Forum	Freeman media	15 Nov	Useful quarterly briefing supported by the EA, GIC and retailers
Draft decision: Powerco Customised Price-quality Pathway	CC	17 Nov	We are scrutinising the proposed increase in capex and opex over the 5-year CPP given potential precedent of the first true CPP after Orion's post-earthquakes CPP
Submission: Causer of under-frequency event on 2 March	EA	21 Nov	MEUG is following this due to potential precedent setting effects
MEUG Executive Committee monthly meeting	MEUG	22 Nov	Visitors include Transpower regards its Integrated Transmission Plan and Wellington Electricity Lines Ltd
Briefing: NZX Market operator use group meeting	NZX	23 Nov	Of interest to members is the launch of new wholesale market information software (WITS2)
Submission: Financial Transmission Rights	EA	4 Dec	MEUG has yet to decide whether we will submit on this