

MAJOR ELECTRICITY USERS' GROUP

Update from the Chair

September 2017

Gazing through the crystal ball

By the time of the next Chair update the general election will have come and gone and the sector will have a clearer picture of what the next government might look like.

At present the outcome of the election is too close to call but it looks likely that New Zealand First leader Winston Peters will hold the balance of power.

Quite what that means for the sector is uncertain. Mr Peters has been critical of the partial sale of SOEs, though recently pulled back from NZ First's long-standing policy of buying back shares in the SOEs.

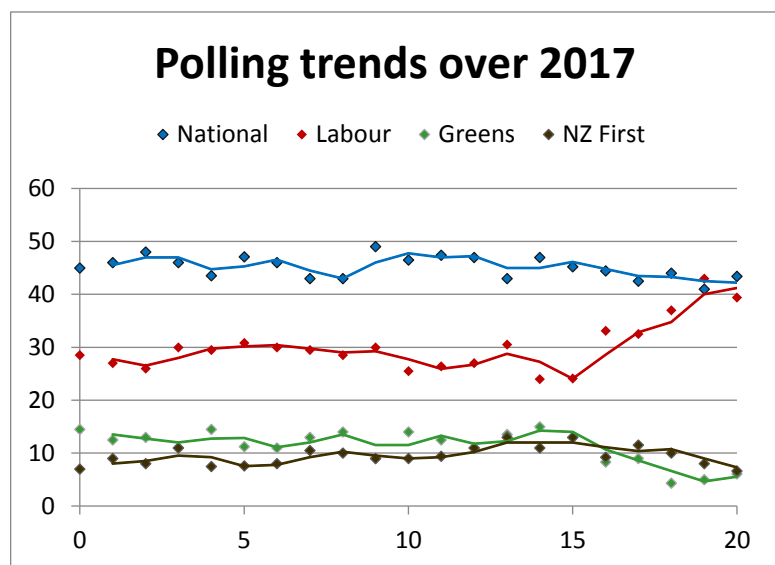
Mr Peters has also publicly positioned himself against Labour's proposed changes to NZ's emissions trading scheme and water tax, describing both as ruinous to the NZ economy.

Equally, Mr Peters has been highly critical of the Electricity Authority's proposed changes to transmission pricing.

Quite how all this shakes out in post-election negotiations remains to be seen.

Powerco CPP

The Powerco customised price pathway (CPP) application is the first true CPP after Orion's post-earthquake CPP. Given its potential precedent effect MEUG will be scrutinizing possible impacts on consumers carefully. We would like to thank both Powerco and the Commerce Commission for attending MEUG's monthly executive committee meeting in August to discuss both the process and application in what was a very informative discussion.



Key dates

What's on	Who	When	Notes for members
Briefing: CC stakeholder briefing, Wellington	CC	4 Sept	Commerce Commission (CC) briefing in Auckland on 7 September
Workshop: EPOC winter workshop	EPOC	4 Sept	Electric Power Optimisation Centre (Auckland Uni. School of Engineering)
Briefing: Battery storage technology in NZ context	ERANZ	6 Sept	Presenters: Dr Stephen Jay (TPNZ) and Rob Priest & Todd Spencer (Contact)
Conference: EV World NZ	Conferenz	8-9 Sept	Auckland
Submission: Powerco Customised Price-Quality Path (CPP) proposal	CC	22 Sept	\$391m (42%) increase in capex and opex, 5-year CPP compared to prior 5-years, proposed by Powerco. We are scrutinising this large proposed increase and conscious of setting precedents as this is the first true CPP after Orion's post-earthquakes CPP
Submission: Capex IM incentive mechanism	CC	22 Sept	Important because sets incentives on Transpower to be efficient and innovate.
Submission: Real-time-pricing (RTP)	EA	26 Sept	Large NPV expected. It's the detail that matters so we are testing that
MEUG Executive Committee monthly meeting	MEUG	27 Sept	Visitors include EECA CEO, Andrew Caseley
Submission: Related party transactions	CC	27 Sept	Contentious issue in the sector with value of transactions growing. X-subs due 4 Oct.
Briefing: ASX NZ electricity F&O users	ASX	28 Sept	Meeting in Auckland. Improving liquidity and developing new futures & options (F&O) products is good for all consumers
Conference: EECA large Energy User's	EECA	28-29 Sept	Nelson
Submission: Line pricing change proposals	Orion	29 Sept	EDB pricing, that includes pass through of TPM charges, is a high priority for MEUG this year. Orion is to be congratulated as it has in the past and again this year is the most active EDB in terms of consulting annually on proposed tariff changes
Submission: Low emissions economy	Productivity Commission	2 October	The NZPC issues paper has some specific questions on the electricity sector that we will be addressing
Submission: Wholesale market disclosure regime	EA	3 October	Important because MEUG members that are participants are required to comply with the disclosure regime