

Providing leadership in emissions reduction

New Zealand businesses use some of the cleanest, most renewable, electricity in the world. Around 85 per cent of our electricity is already renewable. To increase this and help meet our carbon reduction challenge, we need to bring forward much of the already consented renewable generation or encourage new entrants into the generation market.

The Major Electricity Users' Group has recently agreed to investigate accelerating the development of renewable electricity projects in New Zealand through providing a stable and bankable commercial platform for projects to be launched off, backed by companies who can do so.

It's about large electricity users stepping up to provide leadership in emissions reductions, with the goal of delivering real reductions in carbon emissions over the next decade through the early development of new renewable energy projects. By stimulating new renewable generation, we estimate we could help reduce emissions by up to 500,000 tonnes a year.

Many MEUG members are energy-intensive, trade-exposed businesses. Twenty-eight per cent of all New Zealand's electricity is used by the MEUG group who collectively employ over 25,000 employees, mostly in the regions. We're committed to finding meaningful and practical solutions to our carbon reduction challenge and bringing these forward as quickly as possible.

MEUG expects to finish its investigation in February or March 2020. Members will then make any decisions about if and how to proceed to market.

Renewed focus on transmission pricing

Transmission pricing will be a focus for MEUG through September. One issue we are looking at is the residual, which will still comprise the majority of transmission charges under the proposed guidelines recently issued by the Electricity Authority.

An immediate question is how do you allocate asset base values where you can't assign a beneficiary, or where there is no beneficiary? And if no one benefits from or uses the asset, why is a regulated monopoly asking consumers to pay for it?

Key dates

What's on	Who	When	Notes for members
Submissions: Class exemption for SSDG/MEO's	Electricity Authority	3 September	For small scale distributed generation (SSDG < 100 kW) and certain metering equipment owners. Not controversial
Workshop: TPM Cost Benefit Analysis	Electricity Authority	10 September	Transmission Pricing Methodology (TPM) consultation ends 1 st October
Submission: Text of final IPP decisions	Commerce Commission	12 September	re Transpower's Individual Price Quality Path (IPP) effective 1 st April 2020
Submission: Retail Fuel Market Study	Commerce Commission	13 September	MEUG retains the view an Economic Value Added (EVA) analysis is conceptually superior and would have given better insights than the methodologies used in the study
Submission: Demand response capabilities for selected new appliances (air conditioners, water heaters & EV chargers)	Energy Efficiency & Conservation Authority	16 September	Policy issue is whether mandating standards are needed for these new smart appliances. Consumers will not be mandated to use such capability if standardised. Project being undertaken with Australia
Submission: Treatment of operating leases	Commerce Commission	18 September	Technical change to Input Methodologies (IM) to align with DPP and IPP resets
Go-live: Change to wind generation offer options	Electricity Authority	19 September	Useful incremental change to the Code
Submission: Minerals & Petroleum Resource Strategy	Ministry of Business Innovation & Employment	20 September	MEUG's interest is ensuring availability of secure and low-cost priced gas in the long-term for back-up generation
Survey closes: Removal of South Island only OCC	Electricity Authority	23 September	A second-order topic follow on from review of Official Conservation Campaign (OCC) earlier this year
Meeting: MEUG Executive Committee	MEUG	25 September	Monthly meeting of the MEUG Executive Committee
Decision: Weighted Average Cost of Capital (WACC) for IPP/DPP resets	Commerce Commission	30 September (announced early October)	IPP final decisions already announced. DPP to be announced soon. Actual \$'s for both subject to input variables such as WACC being finalised