

Update on renewable electricity generation project

18 proposals have been received from 15 submitters in response to MEUG's request for proposals to supply major electricity users with renewable electricity, stimulating the development of renewable electricity generation and helping deliver real reductions in carbon emissions over the next decade or more.

We would like to thank all interested sellers who submitted proposals. Participating MEUG members, Ballance Agri-Nutrients and project advisors will now evaluate the proposals received, with final decisions expected to be made around the end of the month.

Regulatory work continues unabated

COVID-19 and an imminent election have not stopped or appreciably slowed the Electricity Authority and the Commerce Commission from continuing to develop and refine the underlying regulatory regime governing the electricity sector. For example, the calendar on the next page shows seven submissions or cross-submissions due to the Electricity Authority over September, with another, a submission to Transpower on transmission pricing, a subset of a longer process also in the jurisdiction of Electricity Authority decision-making.

An important design feature of Electricity Authority and Commerce Commission governed parts of the regulatory fabric is their decisions are based on cost-benefit-analysis to assess what is in the best option and path forward for the long-term benefit of consumers. This reduces the risk of unintended consequences or of unnecessary or unjustified cost being imposed on consumers.

Market making and confidence in the wholesale market

The Electricity Authority also has a programme of action on market making, aiming to ensure the market functions well. This action is overdue and we hope it results in appreciable change. Confidence that both the wholesale and futures markets are operating rationally and delivering good outcomes – especially on price – is not strong amongst MEUG members, with some openly expressing a lack of confidence.

The markets ultimately exist to ensure consumers – residential and business – have reliable, secure access to affordable electricity. For the last two years, high prices have contributed to putting at risk the future of major employers. Major industrials subject to strategic reviews are clear evidence of that. For a country so well endowed with generation resources, the market should be delivering better outcomes.

Key dates

What's on	Who	When	Notes for members
Submission: Wholesale market information disclosure	Electricity Authority (EA)	1 Sep	Stage 1 focus on thermal outages. Thermal futures and other forecast price curves still missing.
Submission: Add 5-year sunset for SSDG eligibility criteria	EA	1 Sep	SSDG refers to Small Scale Distributed Generation.
Monthly meeting	MEUG	2 Sep	Held by zoom.
Tenders close: New Renewable Electricity Generation	Large users	4 Sep	Tender issued on 20 July. A one-week delay from original close date.
Submission: TPM Connection charge consultation paper	Transpower	14 Sep	1 st consultation on implementing Transmission Pricing Methodology (TPM) guidelines decision. Cross-submissions close 21 st September.
Cross-submission: Undesirable Trading Situation (UTS) decision	EA	16 Sep	14-parties including MEUG made submissions. After viewing submissions there is no change to MEUG's agreeing with the EA's preliminary decision this was a UTS.
Decision: Waikato Upper North Island Voltage Management Project (WUNIVM) first stage	Commerce Commission (CC)	17 Sep	\$145m proposal by Transpower. Any Transpower capex greater than \$20m must first get Commerce Commission approval.
Survey closes: Energy Issues Map survey	Business NZ Energy Council	18 Sep	Annual survey running for last 7-years.
Submission: End the COVID-19 retailer debt deferral scheme earlier	EA	15 Sep	Commenced under urgency 20 th May and currently scheme will end 20 th February 2021. Scheme has not to date been triggered.
Submission: Glenbrook co-gen application for change in type of co-gen	EA	22 Sep	Non-controversial and supported by MEUG.
Submission: Code amendment so all LCE is used to settle FTR	EA	29 Sep	LCE refers to Loss and Constraint Excess and FTR to Financial Transmission Rights. Complex issues but elegant solution to remove part of now not needed complexity.