



MAJOR ELECTRICITY USERS' GROUP

Update from the Chair

December 2016

Looking forward, December will be dominated by the Electricity Authority's consultation on refinements to the draft TPM guidelines and the Commerce Commission's input methodology review announcements in the last week before Christmas.

Both issues will have far-reaching consequences for members and consumers generally, with TPM directly impacting future investment in the grid and use of existing assets, and Input Methodologies affecting the long-term price and quality of service from Transpower, and from electricity and gas transmission and distribution businesses.

MEUG has commissioned NZIER and Ireland, Wallace & Associates to help inform our work on both topics and we'll be working closely with both organisations to fully understand the implications of both and to support any submissions we and members might make.

Welcoming our newest member

MEUG welcomed Cold Storage Nelson as its newest member in November. Established in 1975, Cold Storage Nelson operates in Nelson, Richmond, Christchurch and Tauranga and provides controlled temperature storage and logistics across a wide range of goods, from marine, agricultural, and horticultural products to manufactured food and nutraceuticals, both in the export sector and for domestic and import markets.



Downstream 2017

MEUG is well represented at Downstream next year, with a presence on both the Leader's panel discussion and the Input methodologies review panel.

With a focus on the new energy future and the disruption from the continuing technology and consumer revolutions, Downstream 2017 promises to be an interesting affair. Early Bird pricing closes on Fri 16 December. You can register at www.nzdownstream.co.nz

Other business

MEUG would like to thank the Labour Party Climate Change spokesperson, Dr Megan Woods, for attending our November Executive Committee meeting and leading a provocative and stimulating discussion on the potential impacts and consequences of various mitigation and adaptation scenarios.

We would also like to thank John Hancock for facilitating a challenging session on future electricity scenarios to help inform MEUG's long-term planning.

Key dates

What's on	Who	When	Notes for members
Submission: 2017-18 draft appropriations	EA	6 December	EA propose 2017-18 operating budget of \$73.937m, 2% less than 2016-17 appropriation (all consumers pay, directly or indirectly, for EA charges). The consultation also seeks feedback on the EA's strategic priorities for next year.
Submission: Regulatory Control Period 3 (RCP3) service measures	Transpower	6 December	RCP3 starts 1 April 2020 and ends five years later. The customer facing service measures proposed are an improvement on the current RCP2 (Transpower's Individual Price-quality Path 2015-20). Improved and more targeted measures help Transpower better meet the needs of its customers, both end consumers and generators.
Announcement: TPM refinements proposal	EA	6 December	On 18 October the EA announced the release on 6 December of a supplementary TPM consultation paper on proposed refinements to their second issues paper. Submissions on the TPM refinements proposal close 10 February 2017.
Submission: 2017-18 draft appropriations	EECA	9 December	EA propose levy funded work in 2017-18 to remain at \$13m pa. Assuming the policy intent in the Energy Innovation (EV and Other Matters) Bill is implemented the proportion of the total levies income to EECA to be taxed on electricity consumers will decrease from 100% to 40% with the balance being met by new levies on transport fuels and gas.
MEUG executive committee monthly meeting	MEUG	14 December	Last meeting of the year by conference call.
Announcement: IM review	CC	20 December	Input Methodologies (IM) are the building blocks for information disclosure and price-quality regulation.
Submission: Pricing options for distributors	Electricity Networks Association	20 December	ENA is taking the lead to assist EDB change line tariff structures to be cost-reflective and service-based, particularly in light of how the mass market might change with a range of emerging technologies and business models.