

8th September, 2015

Kirsten Rexton
Commerce Commission

SEANZ Cross Submission on the IM for the electricity sector

Dear Kirsten

This cross submission focuses on the disruptive effect of new technologies.

SEANZ particularly supports the views of the MEUG -NZIER, Vector and solarcity submissions. These submissions recognise the disruptive nature and the immediate impacts on existing business models that the said technologies can have over a very short period of time, as outlined in the Commerce Commission IM Review Paper.

SEANZ agrees with the view that the regulatory framework needs to ensure the interests of consumers are met in the context of these new options which have and currently do provide consumers with a competitive choice of service. These submissions, all advocate changes to the IMs that better enable the economically efficient uptake of these options to ensure their inclusion in the electricity system and network.

SEANZ agrees with this aspect of several other submissions which also recognise the imminent disruptive impact of these consumer led technologies, for example ENA, Price Waterhouse Cooper on behalf of 20 EDBs, Unison, Energy Trusts of New Zealand, Brian Leyland Consulting, John Irving Consulting Engineer, Molly Melhish.

SEANZ agrees with the Orion advocacy for improvements in the ability for EDBs to encourage demand side management and demand response to address network constraints as an alternative to capital investment. This response should include better pricing signals for the management of distributed energy resources and storage/battery technology and systems.

A number of other submissions take the view that while change is coming, it is still sometime away, and imply that the status quo can continue for the next few years. SEANZ disagrees, and considers that the changes could occur rapidly (cost curve reducing p.a. at between ~ 10 to 14% for storage, solar PV and energy management systems) and will be far reaching, so addressing the policy framework to get ahead of the impending changes for the electricity sector, need to start immediately.

A theme which comes across in several of the abovementioned submissions, and which SEANZ strongly supports, is the need for meaningful consultation with consumer stakeholders and consumer focused organisations which understand the technology capability, trends and impacts.



An example of this is where, based on its own experiences, technology knowledge, and the research completed with involvement in other jurisdictions, SEANZ has consistently challenged the position taken by government agencies as recently as late last year, that solar PV would have no impact in New Zealand for at least two decades. And a similar view was held for storage and battery systems.

In summary, SEANZ concurs with the MEUG-NZIER, Vector and the other submissions that the current IM Review needs to take account of the emergence and deployment of disruptive technologies immediately.

Since the deployment of disruptive technologies is consumer based, the Commerce Commission needs to consult well outside of the electricity supply sector as it is consumers leading the change, and any regulatory change needs to consider all consumers views. The electricity sector is leading this change.

SEANZ believes it is crucially important that the Commerce Commission engage accordingly to fully understand the impacts and potential impacts in relation to IM changes.

SEANZ offers its ongoing expertise in this capacity as both an industry and end consumer/solar PV/DER prosumer representative group.

The Commerce Commission needs to take action immediately for the benefit of all stakeholders.

Yours sincerely

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