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The Registrar  
Business Acquisitions & Authorisations  
Commerce Commission  
P O Box 2351  
WELLINGTON

By email

**Electricity Governance Board Ltd Authorisation Application**  
**Submission from New Zealand Wind Energy Association**

NZWEA wrote to the independent chairman of the EG establishment board in March 2001 (copied to the Minister & Commerce Commission) and expressed our dismay that it appeared that the governance documents were not going to be inclusive of features appropriate for renewable energy distributed generation. That submission did not change the situation and we wish to resubmit the contents of that letter as our submission on the current application to the Commerce Commission.

NZWEA is an industry association committed to the promotion of New Zealand's wind resource as a reliable, sustainable and clean energy source. We have a wide membership including a number of New Zealand's major energy sector participants and people that have been involved in this area for a number of years.

**On behalf of the membership NZWEA wishes to table the following comments reflecting our very serious concern that the EGB governance structure in its current form is not representative of the role of renewable and distributed generation, sustainable development or environmental integrity and responsibility, and therefore public benefit.**

The EGB governance structure and rules must include an irrevocable undertaking to include the Government's Electricity Industry Policy Statement & Guiding Principles.

Accordingly NZWEA asks:

1. That the EGB structure, rules and decision making process and voting are formulated such that new technologies and entrants are not disadvantaged in any way. There is an inherent conflict between existing incumbents desire to protect the status quo, their investment and or erect barriers to entry for new entrants, and the ability of new technologies to offer consumer choice, least cost, better value and sustainable development with environmental integrity and responsibility.

## NZWEA EGB Governance Comments

2. That the conflicts currently in the existing industry arrangements that are not consistent with the Governments Electricity Industry Policy Statement – Guiding Principles are addressed as early as practically possible to provide certainty for investment decisions for all concerned.
3. NZWEA reiterates its concern that the renewable and distributed generation sector have not been a party to the EGB development process in any direct way, and this leaves our members without confidence that an industry solution based solution will be consistent with the Governments Electricity Industry Policy Statement – Guiding Principles for the electricity industry.

It is clear to NZWEA that the proposed governance structure and rules do not adequately address the barriers that new and small scale distributed generation technologies encounter in becoming established within an existing market. It also appears that they will not facilitate the benefits that these technologies offer to consumers, particularly those relating to sustainable development opportunities.

It is imperative, in our view, that there be a nominated position for a person with skills and knowledge about distributed generation and new renewable energy development business opportunities (and who does not also represent one of the major generator companies) should be specifically included on the Governance Board. There also needs to be specific a working party group on distributed generation interface issues.

Yours sincerely.

Alistair Wilson  
Chairman  
New Zealand Wind Energy Association.

Attached  
The Government's "Guiding Principles" which NZWEA supports are appended.

## NZWEA EGB Governance Comments

### **Guiding Principles for the electricity industry**

The Government's overall objective is to ensure that electricity is delivered in an efficient, fair, reliable and environmentally sustainable manner to all classes of consumer. Industry arrangements should promote the satisfaction of consumers' electricity requirements in a manner which is least-cost to the economy as a whole and is consistent with sustainable development.

Consistent with this overall objective, the Government is seeking the following specific outcomes:

- a. Energy and other resources are used efficiently, and in particular, hydro spill is minimised;
- b. risks relating to security of supply, in particular the risks of dry years and inadequate transmission and distribution security, are properly and efficiently managed;
- c. the full costs of producing and transporting each additional unit of electricity are signalled so that investors and consumers can make decisions consistent with obtaining the most value from electricity;
- d. delivered electricity costs and prices are subject to sustained downward pressure;
- e. the quality of electricity services, and in particular trade-offs between quality and price, should as far as possible reflect customers' preferences;
- f. transmission losses and constraints are signalled to ensure that overall costs to the economy, including the costs of insufficient competition in local regions, are minimised; and
- g. greenhouse gas emissions are minimised.

To meet these objectives and outcomes, an Electricity Governance Board is to ensure that rules are developed as set out in this Government Policy Statement. The rules are to be consistent with these Guiding Principles. In particular, the rules are to:

- h. promote enhanced competition wherever possible and, where it is not, seek outcomes that mirror as far as possible those that would apply in competitive markets;
- i. facilitate and promote active demand-side participation;
- j. ensure that the use of new electricity technologies and renewables, and distributed generation, is facilitated and that generators using these approaches do not face barriers; and
- k. be consistent with government policies on climate change and energy efficiency.

Greenhouse gas emissions are to be minimised through these arrangements, in particular by minimising hydro spill, efficiently managing transmission losses and constraints, ensuring consistency with climate change and energy efficiency policies, promoting demand-side participation and facilitating new generation technologies and renewables.

The Electricity Governance Board should also ensure that:

## NZWEA EGB Governance Comments

- l. services that are most efficiently provided on a common basis are provided at a quality and quantity, set through a process of collective agreement with participants, which enables those participants to make trade-offs between alternative levels of service and price;
- m. the range of common services and mandatory rules is reduced over time where technological developments challenge the efficiency of ongoing compulsion;
- n. the provision of services is contestable wherever possible;
- o. rules and standards are robust and enforceable through a supervisory body that is neutral, separate from the body responsible for rule-making, and has sufficient power to monitor and enforce the rules (including fines for rule breaches);
- p. where appropriate, efficient and effective alternative dispute resolution processes are provided;
- q. processes by which rules are set and changed:
  - o are transparent;
  - o do not provide for or allow bias towards any party and, in particular, limit the potential for any party to amend rules in a manner which introduces bias inconsistent with these Guiding Principles; and
  - o achieve a balance between providing certainty and the need to ensure that progress in setting and amending the rules meets the Government's expectations for rapid evolution of the market; and
- r. the Commerce Act 1986 and all other relevant laws are observed.