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

Electricity Governance Board Ltd Authorisation Application
Submission from New Zealand Photovoltaic Association

The mission of the New Zealand Photovoltaic Association is to promote and support the use of energy from our sun, as a reliable, sustainable and clean energy source for the direct production of electricity. The Association was established in 2001 by PV industry representatives, and has a rapidly growing membership of PV suppliers & installers, large energy companies targeting business opportunities in renewable energy, electricity network companies, plus consultants, researchers and academics.

Our membership already includes some of New Zealand's major energy sector participants and experts who have been involved in this area for a number of years.

Our contact details are as per our letterhead.

On behalf of our members, NZPVA wishes to express serious concern at present proposals for the electricity market as represented by this EGBL Authorisation Application, and makes the following submission.

The proposal is significantly deficient in aspects that will support the introduction of renewable and distributed generation, sustainable development or environmental integrity and responsibility, and therefore public benefit.

It appears that the governance design and proposed rules do not include undertakings or mechanisms to facilitate the relevant renewable and distributed generation features spelt out in the Government's Electricity Industry Policy Statement.

We have highlighted in **bold** in the text version below, relevant sections from the Government's Policy Statement and Guiding Principles which we believe are not adequately addressed by the application document.

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:

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- 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:

- 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:

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- are transparent;
 - **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**
 - 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.

It is clear to NZPVA that the proposed governance structure and rules do not yet adequately address the barriers that new 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.

NZPVA is concerned that the renewable and distributed generation sectors have not been party to the EGB development process so far and that the result is not compatible with the Government's Electricity Industry Policy Statement – Guiding Principles for the electricity industry. NZPVA would like the Government's policy statement and guiding principles completely implemented.

Yours sincerely.

Tony Bittar
Chairperson
New Zealand Photovoltaic Association Inc.