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Ruapehu District Council's submission to Ministry of Economic Development on the Review of Section 62 of the Electricity Act 1992 'continuance of Supply'.

TO: Electricity Group  
Energy and Communications Branch  
Ministry of Economic Development  
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Ruapehu District Council thanks the Ministry of Economic Development for the opportunity to submit on the Review of Section 62 of the Electricity Act 1992.

Ruapehu District is largely a rural area, much of it considered remote, and there may be a significant proportion of its residents that are potentially affected by Section 62 of the Electricity Act 1992. Consequently this review is of considerable importance to this District. The rural sector is facing increasing pressures and needs to be able to function to its full potential. Uncertainty about power supply is an unnecessary burden on a sector that has unique issues, like distance from essential support systems (doctors, schools etc) and isolation, to contend with daily. A reliable and affordable power source is a must for the sector.

All New Zealanders have the right to have access to a reliable, affordable and safe energy source. The availability of a reliable, affordable and safe energy source is a necessity for life issue, as well as an important factor that drives the country's economic engine. Consumers have a right to expect reliable, affordable, and safe energy no matter where they live.

Energy is fundamental to the quality of our lives. Nowadays, we are totally dependent on an adequate and uninterrupted supply of energy for living and working. It is a key ingredient in all sectors of modern economies and modern life, including modern farm life and tourism in remote/rural areas.

Farmers and others living in remote areas are also part of, and are still considered the backbone of the economic wellbeing of the country. Two thirds of our foreign exchange comes from primary sector industries. And contrary to popular perception, the contribution of agriculture to New Zealand's economy has been rising. Over the last fifteen years agriculture, forestry, and related industries have increased their productivity at more than double the rate of the rest of the economy. The performance of our primary industries has been a major contributor to our

economy's success over the last six years. As such there is a large element of national benefit to supplying energy to remote areas of New Zealand in a reliable and affordable way. As such an important part of the economy, farmers must not be penalised that their contribution to the economic wellbeing relies on them often living in remote and sparsely populated areas.

Recent developments and improvements of methods in supplying energy from alternative energy sources mean that supplying energy from power lines is only one of a number of methods of supplying energy into remote areas.

Both sustainability and affordability need to be taken into consideration by the Ministry of Economic Development as they undertake this review. The following submission points take into account the above, the concern of residents and the need for a sustainable future of out communities and rural residents.

### **Submission Point One**

Remote and rural residents and consumers have a right to a safe, affordable and reliable energy source no matter where they live.

### **Submission Point Two**

The rural sector is still the backbone of the economic wellbeing of the country, and as such, deserves the same level of service as other sectors of the community. As primary industries are a major contributor to the economy's success, farmers and others in remote areas must be supported by providing a reliable source of energy at an affordable price.

### **Uncertainty**

One outcome of the review that is necessary and of the utmost importance, is that consumers are aware of the issues involved, the current plans of the line companies and the decisions taken by line companies on this issue and that they have adequate information given to them. This information must be given within an adequate timeframe.

### **Submission Point Three**

That all consumers are aware of the issues, the plans of the line companies and are fully informed and have adequate information within adequate timeframes.

### **Fairness and equity**

A major consideration for sustainability is the cost of supplying energy on uneconomic lines. Consumers on these lines are not paying the full cost of the service, and this service is cross-subsidised by other users. If other methods of supplying energy are more cost-efficient and also fair (ie will not penalise the consumer by way of affordability or quality of life), then these should also be considered.

## **Submission Point Four**

Any method of supplying rural or remote consumers needs to be affordable and to not penalise the consumer's quality of life. All consumers have a right to a continual supply of energy.

### **Changes in the Supply Of Energy Sources**

One of the difficulties ahead for the energy industry is sustainability of product and affordability. This may mean that consumers of energy need to be open to new methods and alternative means of supply for energy and energy sources. This should not be seen as a negative, but as an opportunity for further development of the alternative sector for energy supply.

### **Options**

While option (f) is the most preferred option at present; options (a) (b) and (d) are also considered to be fair options, so long as submission points one, two and three are taken into consideration. In option (b), the onus would be on the present line companies to carry on supplying energy, but would leave the method or methods of that supply open to new or more economical alternatives. This allows for changes in the industry to be taken into account and does not force line companies to remain in uneconomic systems, that may become outdated. Option (d), while removing the onus of line companies to supply an ongoing energy source, would still place the onus on line companies to initiate an alternative energy source. This would also allow for innovative and independent sources of energy to be researched and used if these prove to be economic and that they do not affect the quality of life of rural users. Option (a), while it may seem the best option for remote consumers, may tie energy suppliers into an uneconomic means of supply when other alternatives have become more viable, and may in turn be a negative bind for consumers.

The other options (c), and (e) are not considered to be fair options for the remote and rural consumers in the Ruapehu District and are submitted against.

## **Submission Point Five**

- (a) Ruapehu District Council submits that Options (c) and (e) are not to be considered as this would cause further burdens on remote and rural areas of New Zealand and unnecessary hardship for those residents.
- (b) Option (f) is considered the most viable option, but options (a), (b) and (d) are also considered viable options for the supply of energy to remote consumers.