

**SUBMISSION TO THE MINISTRY OF ECONOMIC  
DEVELOPMENT**

**on the**

**REVIEW OF SECTION 62 OF THE ELECTRICITY ACT  
1992 'CONTINUANCE OF SUPPLY' (2013 REVIEW)  
DISCUSSION PAPER**

**By**

**RURAL WOMEN NEW ZEALAND**

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## **Introduction**

- 1.1. Rural Women New Zealand (“RWNZ”) is the leading rural women's organisation in New Zealand. We represent the interests of over 4000 members from more than 300 branches from North Cape to the Bluff. Since 1925 we have been providing rural women with a national voice on rural issues and a local framework for social and educational opportunities.
- 1.2. RWNZ provides the following submission to the Ministry of Economic Development (“the Ministry”) on the Review of Section 62 of the Electricity Act 1992 ‘Continuance of Supply (2013 review) Discussion Paper (“the Review”):

## **Comment**

- 1.3. RWNZ supports the current Government Policy Statement that “the Government expects distribution companies keep any changes to rural line charges in line with urban line charges” on the basis that certainty of electricity supply at a reasonable cost is vital to the rural sector. This policy enables New Zealanders to retain a degree of control over the electricity supply that generations of public funding has developed.
- 1.4. Because of rural New Zealand’s disproportionately large contribution to New Zealand’s economic growth and development over the last 50 years, it is reasonable to extrapolate a disproportionately large contribution to existing electricity supply infrastructures.
- 1.5. New Zealand’s electricity demands are increasing. It is reasonable to assume that the vast bulk of this increased demand comes from urban New Zealand. The rural sector, with it’s approximately 78% contribution to foreign currency returns presently, is likely to contribute disproportionately again to New Zealand’s future electrical infrastructure requirements.
- 1.6. Certainty of adequate electricity supply for all New Zealanders is critical for enabling economic growth, as well as providing essential social benefits. Given New Zealand’s high dependence on its rural sectors for economic growth and productivity improvements, the benefits of providing certainty of adequate electricity supply is crucial, not only to rural New Zealanders, but to the overall welfare of the nation.
- 1.7. RWNZ recognises that certainty of electricity supply may not mean continuance of electricity supply by line companies. RWNZ supports the development of alternative electricity supply from diffuse sources, provided the development and maintenance of the alternative supply is appropriate, certain, and cost effective, for individual consumers.

1.8. This means, inter alia, that where it is possible for an individual or group of individuals develop an alternative energy supply:

- Individuals or groups of individuals developing alternative supplies have, and maintain, control of their supply source even where assistance or subsidy by government or lines companies is provided.
- the energy supply can be developed at a reasonable cost to the individual or group of individuals. Such reasonable costs should be compared to the cost of provision of electricity supply by the lines companies, taking into account the small effect of cross subsidy on the New Zealand population as a whole; and
- the development is not unduly constrained by the costs and difficulties associated with the Resource Management Act 1992; and
- in the case of LPG or similar sources of energy, the development is not hindered by the costs and difficulties associated with the Hazardous Substances and New Organisms Act 1996; and
- the alternative supply development can provide an adequate quality of supply, including the provision of three phase power where it is necessary to the operation of the individual consumer's business; and
- where the development can provide energy back to the national grid, any such provision is properly recompensed; and
- the contribution of the rural sector to present and future urban energy demands is recognised with support by government for alternative rural supply developments, in the form of appropriate subsidy and advice; and
- the advantage to the lines companies of the development of alternative supplies, is recognised with regulation requiring contributions from lines companies to individuals developing alternatives, including financial assistance and advice; and
- where alternative supplies are developed or are being developed, regulation ensures that lines companies cannot double dip by imposing line charges upon the individuals concerned.

**Option A: Continuance of Supply expires but lines companies provide information on intentions in advance.**

1.9. RWNZ opposes this option as inadequate and unfair but submits that if it is pursued, then lines companies must be required to provide information on intentions at least 15 years in advance of any change.

**Option B: Continuance of Supply expires but lines companies assist transition from lines supply to alternatives.**

- 1.10. RWNZ gives limited support to this option, subject to the concerns set out at 1.3 – 1.8, above, and subject to regulation being put in place, to the effect that lines companies must be required to provide information and assistance, including financial assistance, at least 10 years in advance of any change.

**Option C: Continuance of Supply by lines with no expiry date**

- 1.11. RWNZ gives qualified support to this option. However, we recognise that it is very unlikely to be taken up by government or the lines companies. We also recognise that Continuance of Supply by lines with no expiry date may hinder the development of more cost effective alternatives.

**Option D: Continuance of Supply, using lines or alternatives, with no expiry date.**

- 1.12. This is RWNZ's preferred option, subject to the concerns set out at 1.3 – 1.8 above. This option has the potential to remove hindrances to the development of alternative supply sources and, at the same time, remove the element of compulsion to change from the consumer.

**Option E: Continuance of Supply for a limited time beyond 2013.**

- 1.13. RWNZ opposes this option because it hinders the potential development of better and more cost effective alternative supply sources and it does not set out any requirement for notice or for assistance to change.

**Option F: Continuance of Supply, using lines or alternatives, with no expiry date but subsidy is from all electricity users.**

- 1.14. RWNZ opposes this option because it hinders the potential development of better and more cost effective alternative supply sources by individuals or groups of individuals. Furthermore, this option does not set out any requirement for notice, or for assistance to change. RWNZ is opposed to unnecessary government spending and the growth of the bureaucracy. Therefore, we are very concerned at the likely cost of administering this option.
- 1.15. It is also very likely that consumers receiving electricity from heavily subsidised sources would lose control over the type and quality of their energy supply. We are of the view that subsidisation of electricity supply is appropriate on reasoning set out at 1.3 – 1.8 above, but that such subsidies are better applied to fund the sort of assistance required to facilitate Option D.