



27 September 2007

2013 Review  
Electricity Group  
Energy and Communications Branch  
Ministry of Economic Development  
P O Box 1473  
**Wellington**

**Submission on the Review of Section 62 of the Electricity Act 1992  
“Continuance of Supply”: (2013 Review)**

1. Thank you for the opportunity to comment on the discussion document.
2. Tararua District Council has considered the options set out by the Ministry.
3. The Council has three main concerns:
  - 3.1 There is a key assumption throughout the discussion document that current policy requiring line charges to rural and urban areas to be pegged will remain (as set out in paragraph 99 of the 2006 Government Policy Statement of Electricity Governance).

The Council is of the opinion that this assumption is extremely significant; whether this policy remains may have a bigger impact on future choices than the options outlined in the discussion document; any requirement for rural customers to pay the full costs of transmission would critically alter the assessment of the options.

- 3.2 The Council believes that the electricity network is a national network providing benefits locally, regionally and nationally (essential infrastructure like the roading network). Consequently there should be contributions from local and central levels. None of the suggested options cover this.

Cross-subsidisation acknowledges the local, regional and national good of the network. Central government must contribute to this, rather than some local system which at best can only be a weak instrument when the many variables of distance and usage are considered.

- 3.3 It is imperative that there are incentives to develop and use appropriate alternative forms of electricity generation. None of the suggested options cover this; it is left to “The Market”, and the most incentivising options are those that maintain the 2013 expiry date. The Council is not convinced that technology is sufficiently advanced at this stage to presume that efficient, equitable and sustainable solutions will be available by 2013.

Suitable alternatives are possibly going to vary with locality. Local problem solving will be important, rather than generic solutions across the country. It is critical that lines companies are allowed to own, maintain and sell generation in areas outside their own network areas; this would be a good incentive.

4. None of the suggested options rate highly on all of the areas that this Council is concerned about.
5. The Council's choice, then, is an alternative option where:
  - Supply continues beyond 2013, using lines or alternatives
  - There is no expiry date
  - Cross-subsidisation acknowledges the national good benefit of this essential service
  - There is an element of central government subsidisation
  - Incentives are provided to encourage a change to alternatives
  - There is an emphasis on local solutions for local problems



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