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Electricity Group
Energy & Communications Branch
Ministry of Economic Development
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Dear Sir

**SUBMISSION ON THE DRAFT GOVERNMENT POLICY STATEMENT ON ELECTRICITY
GOVERNANCE**

Christchurch International Airport Limited (CIAL) appreciates the opportunity to make submissions on the draft Government Policy Statement on Electricity Governance.

Background

CIAL owns the electricity lines within Christchurch Airport and conveys approximately 4.5GWh over those lines per year. Accordingly in February 2004, CIAL registered as an electricity lines owner and electricity distributor participant with the Electricity Commission. Independent electricity retailers trade on CIAL's lines to supply some of CIAL tenants. CIAL has undertaken the divestment of these tenants to independent electricity retailers and in doing so has incurred significant electricity industry compliance costs. This is not CIAL's core business.

CIAL also purchases electricity for its own use and to on-sell to some of the airport's tenants. CIAL also owns and operates distributed generation for operational use. CIAL is considered a major electricity customer of strategic importance providing a gateway to the South Island.

Government Policy Statement

In regard to the draft version of the Government Policy Statement (GPS) circulated 3 March for consultation and with respect to the majority of the changes, CIAL generally support the changes as proposed. However in the interests of capturing the intent of the changes we request the following comments be taken into consideration:

- 1) **Security of Supply 2.14** – As an end use consumer, CIAL has been concerned at the frequency of 'dry year' incidents. Shortages including 1992, 2001, 2003 and in 2008 have resulted in noticeable risk to energy supply and price. Electricity is a vital component for CIAL's day to day operations and as such should recurrences happen in the future, then this would undermine CIAL's ability to provide long term uninterrupted supply to maintain services to airlines and others.

As two distinct energy markets are emerging (South Island vs North Island), CIAL fully endorse the separate margin allocation for the South Island. We further question whether the 30 percent

allocation is sufficient until further South Island fuel/generation is available or until the transmission constraint is removed.

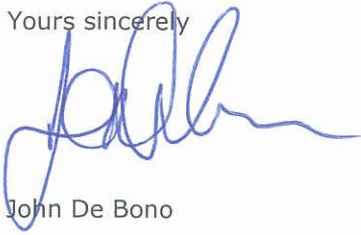
- 2) **Reserve Energy 2.29** – As in 1 above, CIAL generally supports the Electricity Commission (EC) having a demand response role and in the case of CIAL and other end users where any response is practicable and economic to do so.
- 3) **Domestic Consumer Contracts 3.0** – As a line owner at the Christchurch Airport, CIAL does not have domestic consumers connected to its distribution network.
- 4) **Consumer Complaints Scheme 3.47** – Under the Commerce Act 1998 version 5 promulgated 18 October 2008 (Act), CIAL does not fit the definition of an electricity distribution business (EDB) and, unlike the 29 large EDB, is not required to be a member of the Electricity and Gas Complaints Commission.
- 5) **Electricity Efficiency 4.57** – For some time CIAL has been concerned at the apparent duplication of EECA and the EC. CIAL supports the MED with clarification around providers. CIAL initiated its own program of energy efficiency within the Christchurch Airport precinct in 2005 with external consultants. This program is ongoing, and continues to provide energy efficiency gains to CIAL, its tenants and its other stakeholders.
- 6) **Electricity Efficiency For End Users 4.64** – CIAL endorses the GPS in terms of energy efficiency, however considers that funding of energy efficiency programs should not be funded as a general levy or a tax where those end users, like CIAL and others, are already funding their own program.
- 7) **Distribution Pricing and Use of System Agreements (UoSA) 8.100/103** – CIAL supports in general the application of standard pricing methodologies and reasonable terms and conditions. As in 4) above, CIAL believe the intent with these clauses is for the application of EDBs. CIAL uses a prescribed pricing methodology not unlike that of its parent network – Orion, and has developed an industry based UoSA which has been offered to electricity retailers. However with only 11 tradable sites compliance comes at considerable cost and CIAL would not want to expand this area at this time.
- 8) **Interrelationship with the Commerce Commission 9.104** – As in 4) above, being a small provider of electricity lines services, CIAL is not subject to regulation.
- 9) **Distributed Generation 10.110** – As aforementioned, CIAL does have distributed generation (DG) on its network, however only for its own use. Given CIAL's size as a line owner/electricity distributor as in 4), we understand there is no requirement for small EDBs like CIAL to meet DG planned obligations at this time.

10) **Purchase of Surplus Generation by Retailers 10.112** – CIAL generally supports this clause, as it impacts on all end use consumers not unlike CIAL.

11) **Retail Distribution Line Losses 11.116** – CIAL has published loss factors for its lines business and for the purposes of simplicity, generally supports the inclusion of this clause.

Should you require further information, please do not hesitate to contact me on ph: (03) 353-7080 or fax (03) 353-7090.

Yours sincerely



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