



25 February 2020

Energy Markets Policy
Ministry of Business, Innovation and Employment
PO Box 1473
WELLINGTON 6140

By email (only): energymarkets@mbie.govt.nz

Dear Sir / Madam

SUBMISSION ON DISCUSSION DOCUMENT - ACCELERATING RENEWABLE ENERGY AND ENERGY EFFICIENCY

WEL Networks Limited (WEL) appreciates the opportunity to provide a submission on the discussion document: Accelerating renewable energy and energy efficiency.

Please contact the writer should you wish to discuss or require clarity any aspect of WEL's submission.

Yours sincerely

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**Submission by WEL Networks Limited
on MBIE discussion document
“Accelerating renewable energy and energy efficiency”**

WEL is an electricity distributor operating under the Electricity Act 1992. WEL owns, operates and develops electricity distribution infrastructure in the Waikato region to provide line function services to over 90,000 installation connection points. This includes the distribution of electricity to residences and businesses within Hamilton City and the Waikato and Waipa Districts.

As a network utility operator under the Resource Management Act 1991, WEL has the responsibility of providing a secure and efficient supply of electricity to the community within WEL’s distribution network area.

In principle, WEL supports the approach of promoting the acceleration of renewable energy and energy efficiency.

WEL is diversifying from a traditional lines company into a multi-utility. It is investing in new technologies to modernise and future-proof its network, better understand distributed electricity management options and ultimately enable consumers to benefit directly from emerging technology.

WEL’s increasing focus on renewable energy and other carbon reducing technologies enhance security of supply as well as having economic benefits to the community and the environment.

An early example of WEL’s approach to innovation around carbon reduction is the development of a hot water storage heating product. In the mid-1990s WEL worked with a Hauraki Plains school to install this product as an alternative to the school’s old coal-fired boiler. As well as environmental benefits, the product resulted in a significant decrease in operating costs for the school.

More recent examples of WEL’s involvement in emerging technologies include:

- roll-out of smart meters measuring electricity usage, voltage, and power quality in homes and businesses; this information is collected in real time which allows WEL to optimise electricity flows and more efficiently plan the network.
- installation of a large scale solar system, grid scale battery and an automated micro-grid system at the WEL offices in Hamilton, which is interfaced with mains supplied power and backup generator allowing WEL to switch between the different generation sources.
- the installation of electric vehicle fast-charging stations across Waikato to help WEL understand their effect on the network.
- EV cars being introduced to the WEL fleet, and the commissioning of the first EV bucket truck in the southern hemisphere.

With the population within WEL’s catchment area predicted to double by 2050, community scale generation and other carbon reducing technologies are considered more critical than ever.

WEL acknowledges the economic, social and environmental benefits of community energy projects. It supports a clear government position on community energy and government resourcing of pilot projects to support the future development of community energy projects.

In terms of pricing and cost allocation for network connections and services, WEL's Capital Contribution Policy uses economic modelling to provide price reflectivity. Its method is based on WEL's interpretation of the Electricity Authority's pricing principles.

WEL's policy is to require a capital contribution from a customer when the future revenue stream from the connection is not sufficient to cover the long run marginal cost of the new connection. This is consistent with the Electricity Authority's pricing principles and reflects the economic cost of providing the service. Connection of innovative technologies is enabled when possible.

WEL is aware of varying policies, methods, and processes used by different distributors to manage new and modified connection requests. As there is no uniform approach across the distribution industry, it would be difficult to develop a universal user's guide for the process to upgrade or get a new distribution connection.

We believe some of the key barriers preventing distributors rolling-out even more innovative solutions are: onerous regulations attempting to ring-fence network spending into 'traditional' solutions, and the general lack of access to smart meter data. This data would allow many distributors to operate smarter and more efficiently, while also indicating where innovative technology may be the most beneficial solution.