

23 October 2018

Electricity Review Panel
Secretariat, Ministry of Business, Innovation and Employment
P O Box 1473
Wellington 6140

By email: energymarkets@mbie.govt.nz

Dear Panel Members,

Re: Electricity Price Review Hikohiko Te Uira First Report for discussion

Pioneer Energy (Pioneer) welcomes the opportunity to make submissions to the Electricity Price Review Panel (EPR Panel) on your first report for discussion.

Pioneer commends the government for establishing this review and the EPR Panel for the detailed assessment of issues outlined in the discussion paper.

Submission

Pioneer is a member of the Independent Electricity Generators Association Incorporated (IEGA) and supports the submission made by the IEGA.

We are also a member of the New Zealand Wind Energy Association (NZWEA) and support the submission made by NZWEA.

Pioneer's primary concern is that the regulatory environment provides investment certainty. Timely investment, principally enabled by strong price signals, is essential for consumers to enjoy both a secure and reliable power supply as well as competitive market outcomes. Without these foundations, affordability cannot be assured.

We provide background on Pioneer Energy overleaf. We would welcome the opportunity to discuss this submission with you.

Yours truly



Fraser Jonker
Chief Executive

Background on Pioneer Energy

Pioneer owns and/or manages:

- 13 hydro power stations – mostly in the Otago, Central Otago and Southland (Monowai) areas
- 3 wind farms – Mt Stuart near Balclutha, Flat Hill in Bluff and Horseshoe Bend near Roxburgh
- two landfill gas electricity facilities – at Silverstream (Wellington) and Omarunui (Hastings)
- 1 co-generation plant
- 80MW of thermal heat plant on 15 industrial and institutional customer sites, each one CEMARS® certified under Enviro-Mark Solutions monitoring and measurement programme.

These plants have a total capacity of approximately 45MWe and generate around 350GWh per annum. Pioneer's generating assets are embedded within local distribution networks – referred to as distributed generation.

We have formed a joint venture called Southern Generation Ltd Partnership with the Roaring Forties partners, The Power Company and Electricity Invercargill, who own and operate the electricity networks across Southland and parts of Otago. In October 2015 Southern Generation announced the acquisition on the Aniwhenua hydro plant from Nova Energy, which is partially embedded.

Pioneer Energy participates in the electricity market as both a generator and retailer. Our business is not a vertically integrated Genterailer in the normal use of the term, but each business operates independently as either generator or retailers. Two of Pioneer's businesses, Pulse Energy LP and Ecotricity LP operate as retail Limited Partnerships.

Pioneer owns 49% of Ecotricity, a new entrant electricity retailer who is New Zealand's only carboNZero Certified electricity provider - sourcing the electricity it supplies from carboNZero Certified hydro generation.

Pioneer also offers business customers the opportunity to efficiently use other forms of energy, such as biomass, wood waste and heat, in their food processing and manufacturing operations.

Pioneer is owned by the Central Lakes Trust. Since its inception in 2000, the Trust has had a significant impact on many community groups since its inception, having approved grants totalling over \$75 million to 31 October 2015.