

Your name

James Stevenson-Wallace

Your organisation

Electricity Authority

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In what capacity are you making this submission?

Other

1. What emerging technologies or alternative fuel sources are likely to be covered by the Act's definition of "Gas"?

n/a

2. What aspect(s) of the Act could be a barrier to the uptake of emerging technologies or alternative fuels?

n/a

3. What aspects should be amended or changed to facilitate the emergence of new technologies and alternative fuels?

n/a

4. How will your business be impacted if changes to the Act are not made in the short-term (e.g. two to three years)?

n/a

5. Does the Act cause any issues with complying with any requirements under other legislation?

n/a

6. Are you or your organisation involved in the development or deployment of emerging technologies or alternative fuels?

You will be aware that as regulator of the electricity industry, we currently have a number of projects related to emerging technologies and alternative fuels. The overarching objective of these projects is to identify and remove barriers to investment in new technologies, and to establish the necessary regulatory settings to promote consumer choice, innovation and enable distributors, consumers and suppliers to maximise the value of their investments.

The scopes of these are briefly described here:

- Participation of new generating technologies in the wholesale market: this project is looking at identifying and removing any inefficient barriers to different forms of new generating technologies that may exist in the wholesale electricity market
- Are there barriers to 100% renewables?: this project will look to investigate whether there are barriers in the wholesale market to achieving the government's commitments relating to renewable electricity generation
- Additional consumer choice of electricity services (ACCES): this project aims to remove the barriers to consumers interacting (as buyers and sellers of electricity

services) with multiple electricity service providers, enabling alternative technologies including PV solar

- Open networks: this project aims to identify and remove the barriers to alternative technologies accessing the electricity distribution networks
- Distribution pricing: this project seeks to ensure that users of the distribution networks face efficient pricing and investment signals.

7. Are you interested in being contacted as MBIE develops a longer-term programme of regulatory work around the development of emerging technologies and alternative fuels relating to the Act?

Any partial or full switch to alternative fuels (such as hydrogen or biogas) would have implications for the electricity industry, as natural gas is one of the fuels currently used for electricity generation. We are keen to collaborate on the implications of this change. We will continue working with MBIE and others on these topics to ensure our related projects are aligned.

8. What concerns do you have about the flow and availability of information available to you or your organisation regarding situations that may affect the price and/or availability of gas supply?

We firmly believe improvements should be made to gas market information disclosure. Asymmetric information, either systemic or short term, can inhibit the efficient operation of market. Broadly, market participants should disclose information they hold about themselves that could influence market prices, to ensure parties can trade on an even playing field.

An increased level of transparency in the gas market will improve the efficient operation of the gas market, which will have flow on benefits for gas market participants and the electricity market. The electricity market is impacted by the supply of gas to combined cycle and open cycle gas turbines (CCGT and OCGT) units, which provide baseload and peaking generation and are a key source of back up electricity when hydro storage is low, and information about this is critical.

9. Do you support the inclusion of an additional regulation/rule making power in the Act to require broader disclosure of information from the gas industry?

Yes, we support the inclusion of additional regulation/rule making power in the Act to enable the GIC to make broader gas information disclosure regulations. As we stated in our submission to the GIC on information disclosure, we consider regulation is likely to be necessary to ensure there is an appropriate level of disclosure in a timely way. It is appropriate that MBIE are envisaging the empowering provisions as broad, to enable the GIC to take whatever action they determine as appropriate. We support the new provisions applying to all industry participants (producers and users of gas).

10. What concerns do you have about the current penalty regime for gas governance arrangements provided for by the Act?

We agree the current penalty regime for gas governance arrangements is too weak, with the maximum penalty amount being ten times smaller than the equivalent for electricity. We would support a move to make the penalty regimes the same across electricity and gas. This would support efficient incentives and behaviour in the gas market. MBIE should note however that we do not necessarily regard our own penalty

regime as sufficient. The decisions of the Electricity Rulings Panel have also never been tested on merits in the High Court.

11. Are there other factors, such as contractual arrangements between parties, that mitigate any concerns about the penalties regime?

n/a

12. Aside from the penalties for breaching gas governance arrangements, are there any other penalties under the Act that you consider are not fit-for-purpose?

n/a

13. Do you consider it still appropriate for the Gas Rulings Panel to only have one member if the penalties are increased to higher levels?

We would suggest it would be appropriate to increase the number of Gas Rulings Panel members if the penalties are increased to higher levels. As the discussion paper notes, the Electricity Rulings Panel has five members. The Authority previously argued that five members is more than required and suggested three would suffice. Levy payers have to pay for all members to remain up to date with the industry. A lawyer, and economist and an industry expert with knowledge of the technology should be a sufficient mix of skills. The Authority has also argued the Rulings Panel should sit under the Ministry of Justice and not its own as regards funding and management oversight.

14. Do you support the addition of daily or volumetric penalties to the Act to enhance the flexibility of penalties available? What would be an appropriate minimum or maximum rate, if any?

n/a

15. Are there circumstances where the Act should impose a criminal offence on either industry participants or on non-industry participants? What are these?

n/a

16. Do you support the addition of a civil pecuniary fine as an additional penalty to improve the effectiveness of the penalties regime? If not, why not?

n/a

17. What are your views on expanding the definition of industry-participant to include all large gas users (e.g. any user averaging over a certain level of consumption per day)? If so, what would be an appropriate threshold?

n/a

The information provided in submissions will be used to inform MBIE's policy development process, and will inform advice to Ministers on progressing changes to the Gas Act 1992.

Can we include your name or other personal information in any information about submissions that we may publish?

Yes

We intend to upload submissions to our website. Can we include your submission on the website?

Yes

You can ask us to keep your submission, or parts of your submission, confidential. If so, you'll need to attach reasons and grounds under the Official Information Act 1982 for consideration.

No, I do not wish my submission to be kept confidential

Please provide grounds below