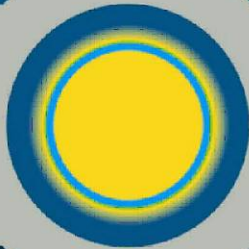


Powerco Presentation to Board of Inquiry

Proposed National Policy Statement for Renewable Electricity Generation

2 July 2009

Karen Frew and Catherine Ross

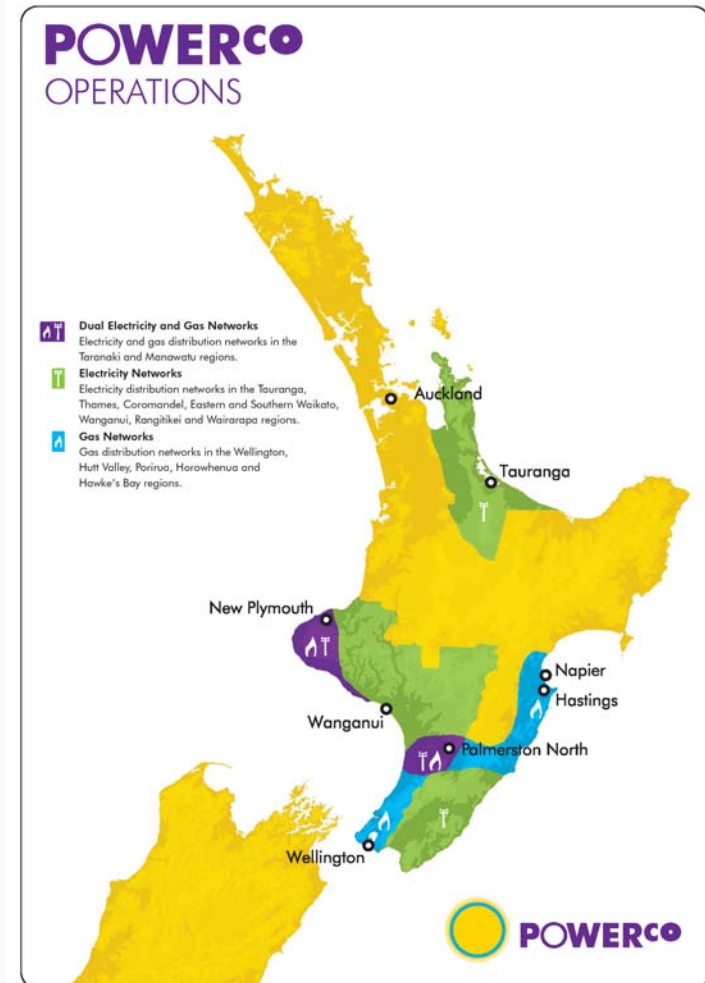


POWERCO

CONNECTING THE FUTURE

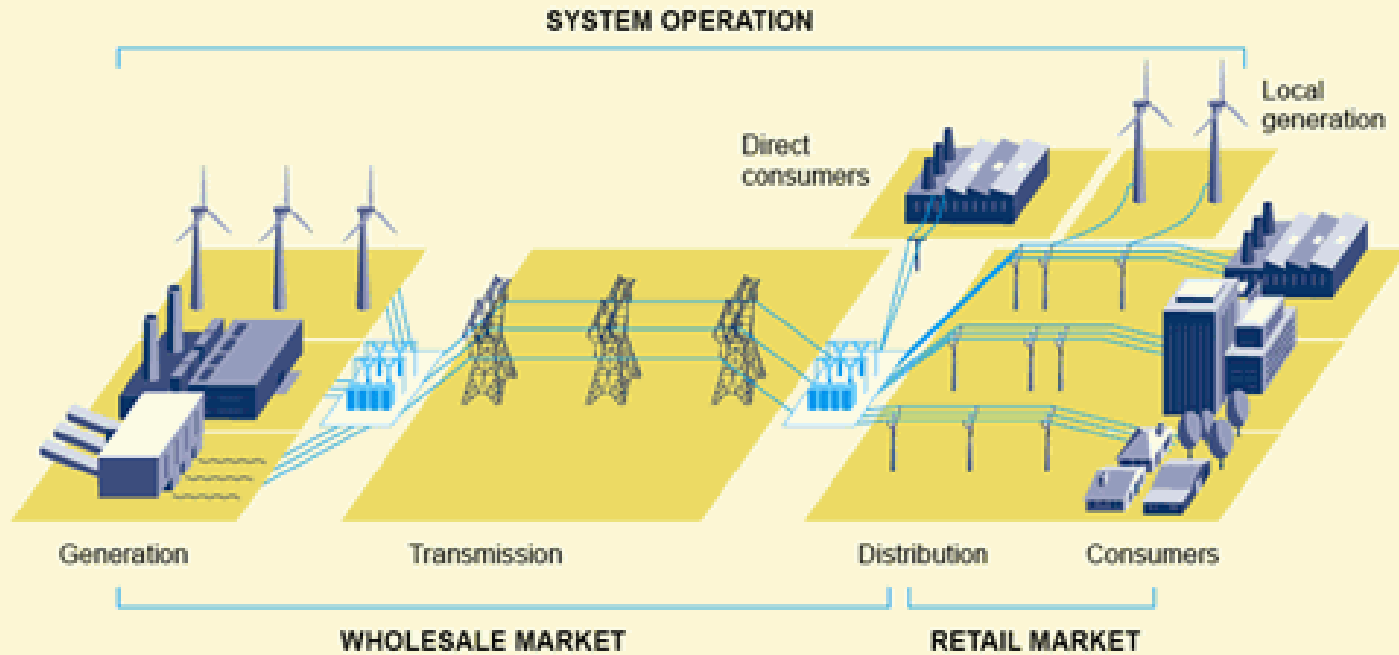
Powerco's Operations

- Second largest electricity distributor in New Zealand
- 400,000 consumer connections
- 30,000 km of lines and pipes
- Powerco Transmission Services (**PTS**) – connecting new renewable generation



Electricity Sector

KEY ELEMENTS OF ELECTRICITY SECTOR



Powerco Submission

- Powerco is pleased to make a submission on the proposed National Policy Statement on Renewable Electricity Generation (**NPS**).
- In general terms Powerco supports the vision and targets of the New Zealand Energy Strategy (**NZES**) and therefore has an interest in promoting renewable electricity generation.
- Submission focuses on those elements of NPS which interface with, or impact on, distribution of electricity.



Network impacts of increased renewable electricity generation

A significant increase in renewable generation will have a range of impacts on electricity networks.

- Planning and designing network augmentation to allow for the intermittent nature of renewable generation
- Providing for connections from remote locations
- Supporting the development of “islanded” networks



NZES Target

- NZES sets a target of 90% of electricity being generated from renewable sources by 2025.
- National Government is reviewing the NZES but has indicated support for the 90% target but not at the expense of security of supply.
- Extremely challenging target.



Achieving NZES target

- Achieving the 90% renewable electricity generation target is ambitious and to be achievable all parties contributing to its delivery need recognition, and regulatory support where appropriate.
- Electricity generation and electricity distribution through transmission or distribution networks are interdependent.
- The role of transmission is recognised through: the Electricity Commission's project – “Transmission to enable renewables” and the National Policy Statement on Electricity Transmission.



Gap in the regulatory framework

- The regulatory framework does not overtly recognise and support the role of distribution networks.
- National Policy Statement on Electricity Transmission only applies to assets used or owned by Transpower.
- NPS on Renewable Electricity Generation is an opportunity to address this anomaly with regards to distribution networks.



Specific Comments - Objective

“To recognise the national significance of renewable electricity by promoting development, upgrading, maintenance and operation of new and existing renewable electricity generation activities [such that 90 % of NZ’s electricity will be generated from renewable sources by 2025].”

- Powerco supports the Proposed Objective subject to removing the reference to the 90 % target.
- Inclusion of the target may blur the boundaries between the role of the Environment Court, the Electricity Commission and the electricity market.



Policy 1 – benefits of renewable electricity generation

- Powerco supports Policy 1, including the inclusion of all forms of renewable generation regardless of size.
- Support for Policy 1 is subject to one amendment. Policy 1(ii) be reworded to read:

[maintaining or increasing to] contributing to security of electricity supply at local, regional and national levels by diversifying the type and/or location of electricity generation.

- This presents a more accurate assessment of the role of renewable electricity generation. Renewable generation is usually intermittent and will not always maintain or increase security of electricity supply.



Policy 2 – Practical constraints



- Powerco supports Policy 2 but is looking for greater recognition of the role of **new** electricity distribution assets.
- The national grid already has this support through the National Policy Statement on Electricity Transmission.
- Suggested new clause v:
 - *“the location of new electricity distribution assets”*



Policy 5 – Small scale renewables

- Powerco supports Policy 5 but would like to see the role of electricity distribution networks specifically recognised.
- Addition of the words:
 - *“including the extension or upgrading of electricity distribution networks”*.

