

Electricity Commission

Electricity Efficiency

Roy Hemmingway

Chair

New Zealand Electricity Commission



Electricity Commission Objectives

To ensure that electricity is produced and delivered to all classes of consumers in an efficient, fair, reliable, and environmentally sustainable manner and to promote and facilitate the efficient use of electricity.

The Electricity Commission

- Five members and full-time Chair
- Staff of 30 - 35
- Set up after failure of self-governance regime
- Set up under Electricity Amendment Act 2001
- New powers under Electricity and Gas Industries Bill
- Advises Minister of Energy

The Electricity Commission

What does the Electricity Commission do?

- Proposes Electricity Governance Rules (EGRs)
- Grants exemptions from rules
- Declares Undesirable Trading Situations
- Monitors the electricity markets
- Appoints Rulings Panel to decide disputes
- Will have responsibility for providing reserve energy for 1 in 60 dry year

What does the Electricity Commission do? (cont.)

- Adopts grid pricing methodology
- Determines contracting parties for Transpower
- Approves Transpower's grid upgrade plans
- Develops model retail contract
- Promotes hedge markets
- Promotes retail competition
- Promotes energy efficiency

What Does the Electricity Commission Not Do?

- Set prices – retail or wholesale
- Provide base load generation
- Approve new generation projects
- Decide among gas, coal, wind, or energy efficiency to meet new demand

Problem and Challenge

Problem: Hundreds of megawatts of energy efficiency investments that are cheaper than new generation and transmission go undone, while expensive new generation and transmission are planned and built and charged to customers.

Challenge: Get it!

Electricity Efficiency Programme

- EC has \$2.5 million budget for electricity efficiency for 2004-05
- \$7.8 million in 05/06 and \$11.0 million in 06/07
- Funds are from Electricity Levy
- Electricity system has much lower internal investment rate than customers

Efficiency Programmes

- Programme expressions of interest sought for:
 - Home lighting
 - Commercial lighting
 - Old fridge removal
 - Water heating
 - Industrial motors
 - Community partnerships

Schedule

- 46 expressions of interest received 18 Nov.
- Evaluation with EECA
- Finalists for further discussions
- Goal:
 - Decisions before Christmas
 - Programs on the ground February/March
 - Evaluation by July, for next year's funds
 - Expand pilots in 05/06 and 06/07