

1 November 2023

Environment Committee Secretariat
Environment Committee | Komiti Whiriwhiri Take Taiao
Parliament Buildings
1 Museum Street, Wellington 6160
By email to en@parliament.govt.nz

ENA submission on the Environment Committee | Komiti Whiriwhiri Take Taiao inquiry into Climate Adaptation

Electricity Networks Aotearoa (ENA) appreciates the opportunity to submit on the Environment Committee | Komiti Whiriwhiri Take Taiao inquiry into Climate Adaptation.

ENA is the industry membership body that represents the 27 electricity distribution businesses (EDBs, sometimes called lines companies) that take power from the national grid and deliver it to homes and businesses. ENA harnesses the collective expertise of members to promote safe, reliable, and affordable power for our members' customers. ENA is supportive of the Government's efforts to increase the resilience of communities and infrastructure in the face of climate change and establish an ordered regime for when managed retreat must be used.

ENA, on behalf of its members, recently commissioned a review of the sector's response to Cyclone Gabrielle. This report, containing learnings from this severe weather event, is available on the ENA website¹ as a resource for the Committee. ENA also has a few key points concerning possible changes to legislation and the regulatory framework which may be of interest to the Committee. These specific points on the inquiry into climate adaptation are attached to this letter as Appendix A.

Do not hesitate to get in touch with ENA if you'd like to discuss any of the points raised in our submission. Please contact Richard Le Gros (richard@electricity.org.nz, 04 555 0075) in the first instance.

Yours sincerely,



Tracey Kai
Chief Executive
Electricity Networks Aotearoa

¹ <http://ena.org.nz/assets/ENA-EDB-Cyclone-Gabrielle-Review-Report-ISSUED-13-Jul-23-1197.pdf>

Appendix A

1. Cyclone Gabrielle

The resilience of electricity sector infrastructure is becoming increasingly important as the frequency of extreme weather events continues to increase alongside the reliance on electricity to decarbonise the economy. While ENA acknowledges there is a need for continuous improvement of the resilience of infrastructure in the face of these challenges, EDBs must work within the legislative and regulatory frameworks to do so. Cyclone Gabrielle highlighted that EDBs have a good level of preparedness in their management structures and in the availability of mutual aid across the sector. Preparedness and response to more typical weather events is well practiced by the distribution sector and is an element of business as usual.

2. Changes needed to existing legislation and regulatory framework.

ENA encourages the Committee to consider reviewing section 105 of the Electricity Industry Act 2010. This prescribes that EDBs must maintain supply of lines services to all customers in the EDBs network or supply that customer with electricity from some alternative source. As technology advances, many more options for alternative sources of electricity are viable. This includes photovoltaic solar panels with the excess energy being stored in batteries and a backup generator being available for instances of low solar output or high load. Currently, EDBs are prohibited from ceasing to supply line services to a customer without consent of either the Minister or every customer that would be affected by the ceasing of the service. That is, the customer must consent to receiving their electricity supply from some alternative source, rather than the lines service.

With the appropriate caveats to safeguard customers interests, this section could be amended to allow EDBs to change the nature of electricity supply to an alternative source without needing the consent of every customer who is being supplied. If the section was relaxed, it would provide an opportunity for EDBs to better coordinate the retreat of infrastructure alongside communities. It would also avoid all EDBs customers carrying the cost of maintaining vulnerable electricity lines that only benefit a small number of customers who could be potentially supplied by an alternative, more economic and resilient electricity source.

As the Ministry for the Environment mentions in their *Community-led retreat and adaptation funding: Issues and options* paper, if we fail to adapt, we may be in a constant state of recovery from the effects of climate change. If EDBs are not able to withdraw their infrastructure from vulnerable locations as communities retreat, this may put both those assets and the well-being of the EDB staff that service them, at unreasonable risk.

3. Targets and indicators for assessing progress to more resilient infrastructure.

ENA understands the Committee's desire to measure the progress being made on improving the resilience of infrastructure, particularly that which supplies lifeline utilities. The electricity distribution sector is continuously reviewing and amending standards to improve the resilience of its infrastructure to give the best possible service to its customers while balancing the need to maintain affordability. This ongoing process of review and revision of standards, given the long-lived and expensive nature of the infrastructure managed and the geographical spread, can only occur over time, rather than 'at once'. The distribution sector is already regulated by the Commerce Commission to ensure that an appropriate balance is struck between service (including resilience) and cost to customers – the price-quality trade-off. Adding additional targets to the sector can be unnecessary and potentially counterproductive. There are already significant incentives on EDBs to ensure an appropriate level of resilient infrastructure, not least of which is to maintain their social licence to operate.

Appendix B – ENA Members

Electricity Networks Aotearoa makes this submission along with the support of its members, listed below.

Alpine Energy
Aurora Energy
Buller Electricity
Centralines
Counties Energy
Firstlight Network
Electra
EA Networks
Horizon Energy Distribution
Mainpower NZ
Marlborough Lines
Nelson Electricity
Network Tasman
Network Waitaki
Northpower
Orion New Zealand
Powerco
PowerNet
Scanpower
Top Energy
The Lines Company
Unison Networks
Vector
Waipa Networks
WEL Networks
Wellington Electricity Lines
Westpower