QUEENSTOWN LAKES DISTRICT COUNCIL

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Via decentralisation@ea.govt.nz

## SUBMISSION TO ELECTRICITY AUTHORITY, TE MANA HIKO ON WORKING TOGETHER TO MEET THE NEEDS OF NEW ZEALANDERS (GREEN PAPER)

Thank you for the opportunity to present this submission on the 'Working Together to Meet the Needs of New Zealanders' Green Paper (the paper).

Queenstown Lakes District Council (QLDC) is supportive of the direction towards decentralisation and an energy system that offers greater resilience, sustainability and equity for all New Zealanders, as outlined in the paper. QLDC actively supports the Queenstown Electrification Accelerator (Rewiring Aotearoa, Ara Ake) that aims for a significantly decentralised system through the use of distributed energy resources by 2030.

QLDC recommends that the paper conveys more clearly the urgency around this topic, and the need for leadership from the Electricity Authority (the Authority) to be bolder, more ambitious and pro-active regarding the transition to decentralisation. Consumer decision-making could change very rapidly as the costs of distributed energy resources continue to fall, the cost of grid-sourced electricity continues to rise and more financing products for consumers become available. New Zealand has passed the 'tipping point' where electrified appliances and vehicles are more economic than gas, LPG or petrol alternatives[1]. Accordingly, the risk of an approach that lacks urgency is that consumer activity will out-pace changes to policy or regulatory settings, which could lead to a convoluted and confusing transition from today's system to the system that can enable a decentralised future.

Queenstown Lakes District faces particularly pronounced energy capacity challenges, given its largest urban centre (Queenstown) is situated at the end of a limited transmission spur line and residents need to be prepared for significant power interruption in the event of an earthquake or Alpine Fault event. As such, the district has been working with Transpower and the electricity distribution businesses to develop a Regional Electricity Plan. Whilst this plan will provide an increase in capacity for the near future and a degree of resilience, it will not provide the resilience and long-term affordability benefits that a distributed solution could. QLDC has recently been part of a Regional Deal bid, that has a strong emphasis on needing to balance investment in traditional infrastructure with incentivising and encouraging household solar uptake. The bid urges government and the Authority to support the Ratepayer Assistance Scheme, to offer low-cost finance of solar installation via its proposed Property Improvement Loan (PIL) function.

QLDC recommends that the paper reflects the opportunity to utilise distributed energy resources to better understand the thresholds that would defer or avoid significant grid infrastructure upgrades. QLDC understands that the proposed line investment will be paid for by Queenstown households at a rate of approximately $500 per household per year. The Authority plays a critical role in setting the right incentives for customers to change to distributed energy resources, which could defer or avoid the need for this upgrade and impact energy affordability and consumer choice. QLDC is not alone in facing this issue, as other regions such as Hawkes Bay, Coromandel and Tairawhiti are facing similar challenges.

[1] Electric Homes Report, March 2024, Rewiring Aotearoa https://storage.googleapis.com/downloadswebsite/Electric%20Homes%20-%20Rewiring%20Aotearoa%20-%20March%202024.pdf

In summary, QLDC supports decentralisation and is keen to balance traditional energy infrastructure investment, with mechanisms to accelerate the affordable installation of distributed solutions such as household solar. This is not an ‘either/or’ solution, but a transition in which both traditional and distributed interventions will need to play a role if an equitable pathway is to be found.

QLDC would not like to be heard at any hearings that result from this consultation process.

Thank you again for the opportunity to comment.

Yours sincerely,

Michelle Morss
**Strategy and Policy General Manager**