



18 September 2024

Submissions
Electricity Authority

Via information provision portal

Improving Visibility of Generation Investment

Meridian appreciates the opportunity to provide feedback on the Authority's consultation paper on 'Improving visibility of generation investment'.

In general, we support the provision of regular and accurate information on generation investment in New Zealand. Collectively, investors are spending billions of dollars as New Zealand electrifies and we transition to an increasingly renewables-based system. It is helpful for wider sector stakeholders, and indeed the public, to have a clear picture on the investment that is occurring.

We broadly accept the need for the information provision notices the Authority is proposing. With respect to generation investment cost information, we agree that the appropriate time for this information to be provided is on plant commissioning. This ensures that the information is likely to be as accurate as possible – being largely based on actual expenditure – and that this information can be submitted on a one-off basis without the need for uncertain estimates that might need to be updated over time.

We note that, for the purpose of calculating a Levelised Cost of Energy (LCOE), the Authority may need to provide additional guidance on the specific calculation of costs, as would be submitted under the second information provision notice. We note the Authority is proposing that investors submit information on construction costs, operating costs, and capacity factors with respect to new generation investment. However, there are various assumptions made in the calculation of these costs which could have a significant impact on the calculation of

LCOE. For example, assumptions on the expected life of a power plant, the inclusion of finance costs (interest) during construction, or the calculation of capital costs on a real or nominal basis will all impact on the calculation of costs and subsequently LCOE. Our calculation of LCOE for a recent wind farm development suggests that the assumptions above could in aggregate change an LCOE calculation by ~\$15/MWh. There will be further factors beyond those listed here which will also have an impact. We suggest further guidance will need to be provided on these various assumptions and calculation methods in order to ensure that the cost information submitted by investors is consistent and comparable across projects and developers.

Secondly, while we acknowledge the potential benefits of better information on generation investments and costs, we note that there are other areas where improved information would make a more immediate and significant impact. As raised separately with the Authority, we consider there is a strong need for improved information on the availability of gas to the power sector. This was clearly illustrated during recent market constraints when financial contracts underpinned by gas generation were cancelled at short notice. We encourage the Authority to continue to pursue better information on gas availability, alongside these proposals to improve information on generation investment.

Responses to the Authority's consultation questions are attached as Appendix A.

Please contact me if you have any queries regarding this submission.

Nāku noa, nā

Matt Hall
Manager Regulatory and Government Relations

Appendix A: Responses to consultation questions

	Question	Response
1.	Do you agree with the Authority's proposal to require monthly provision of information to the Authority, to enable a 'rolling' set of information?	Yes.
2.	Do you agree with the Authority's initial assessment that developers will be required to regularly update Transpower when significant information changes for their projects, or should Transpower be required to regularly ask for information from developers?	It is not clear to us how this obligation on developers would apply, given the information provision notice would apply to Transpower. It will be important that there is a clear and shared expectation between the Authority, Transpower and developers about how and when information is updated.
3.	Do you have any comments on the proposal to require developers (via Transpower) to provide increased information on their generation and load projects?	As above.
4.	Do you have any comments on the proposal to require generators to provide cost information through a clause 2.16 notice? Do you have any comments on the specific information proposed to be collected in the clause 2.16 notices?	Our comments on this point are set out in our cover letter.
5.	Do you agree that the appropriate time to collect cost information is when new generation is commissioned, or whether it should be earlier in the development process?	We agree the appropriate time is when new plant is commissioned.
6.	Do you agree with the Authority's proposal to aggregate some information provided by Transpower to assess the status or stage of projects, and do you have any	In general, we agree it will be important to protect the commercial sensitivity of some of this information during the project development phase. Aggregation of this information into a project status stage is a sensible way to achieve this.

	comments on the breakdown of the proposed stages?	
7.	Do you agree the benefits of the proposed clause 2.16 notices outweigh their costs? If not, what area(s) of the Authority's preliminary assessment of benefits and costs do you disagree with?	We consider that the costs may be higher than the Authority has described, depending on how regularly information will need to be updated and the effort required to ensure submitted information uses consistent assumptions, as noted in our cover letter.
8.	Do you agree the proposed clause 2.16 notices are preferable to the other options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of Act.	As the Authority has noted, there are other centralised sources of generation investment available, and there may currently be some level of duplication in the efforts that various parties are making to produce and collate this information. Regardless of the solution ultimately adopted, we support reducing this duplication, to the extent possible.
9.	Should the Authority consider further work to monitor and assess the pipeline of new generation and demand?	No comment.