

Government challenged to halt closure of small power stations

Many small locally-owned power schemes could be forced to close, hitting regions hard, a public meeting in Cromwell was told today.

Tony Lepper, Mayor of Central Otago District, said he was pleased to lead a well-supported public information meeting in Cromwell today to discuss central government's proposals to impose new charges on locally owned power stations, and to remove market rules that create a level playing field for them.

"A new wave of government electricity reforms are underway. Decisions are imminent, and the community has a lot to lose if we're not careful. If they get the green light, power consumers in our area could be hundreds of dollars worse off each year, precious renewable power stations could close and jobs will be lost."

Local generator Pioneer Energy's Chair Stuart Heal told the audience that authorities are trumpeting the claim that the proposed reforms would save households \$57 a year. "But what they're not telling you is that the parts of the package that hit local power stations like us will take \$350 a year off each household. So everyone here will be a lot worse off, not better. Closing these power schemes will also increase New Zealand's carbon footprint", he said.

"The financial hit could also mean the demise of dividends given out to the community by trust-owned companies like Pioneer," he said. "We're surprised that calculations in the reform package assume that closure of 40% of the country's local power schemes will be positive for New Zealand."

Local National MP Jacqui Dean could not make this meeting but issued a statement indicating that she shared the community's concerns in regard to the proposals and would take the issue to Wellington. The same week, Hon. Stephen Joyce opened a new local hydro station on the West Coast, sharing his enthusiasm for the future of distributed generation in New Zealand.

A spokesperson for the Independent Electricity Generators Association, David Inch of NZ Energy, said small local generators are under real threat. "Our business, and those of each of IEGA's forty members, faces a double whammy of a big drop in income and a large increase in costs." Mr Inch added "While we appreciate the sentiments of local MP's, they will mean nothing if Government does not intervene to stop these crazy proposals."

Green Party Co-leader Metiria Turei and energy spokesperson Gareth Hughes also attended and participated in the discussion about next steps. Metiria spoke of their strong support for the IEGA in its campaign for sustainable local generation which clearly boosts local employment and businesses, benefits regional areas, and is such a core part of the community.

Gareth Hughes said government should not throw local generators under the bus, but instead slow down and take time out for “a cup of tea”. Members of the audience agreed and reflected on the haste of the prior Bradford reforms and the costs that were ultimately borne by the consumer. In their view he felt the current Authority’s proposals had too narrow an economic focus on the big players without fully considering the economic value of small players in the community.

Trustpower also has regional generation assets in the Maniototo and is currently challenging the regulator’s review process in the High Court. Trustpower’s General Manager, Strategy and Growth Peter Calderwood responded to queries from the meeting on whether issues in this process had arisen due to a lack of consistency between the Electricity Authority and other government policies. Mr Calderwood agreed this was part of the problem, due to the narrow mandate of the Authority. The Authority had also not demonstrated why the problems that had been fixed by the introduction of Government regulations in 2007 would not re-emerge if those provisions were removed.

Jeff Wilson, of Talla Burn Hydro, brought a local perspective to the meeting commenting that the proposals will have flow-on effects for farmers with irrigation. He was concerned with having to negotiate with a powerful monopoly buyer to sell his power without the benefit of the rules, saying “It’s like asking a farmer with two cows to negotiate with Fonterra”.

The visitors were taken to visit the iconic Roaring Meg power station, which has been supplying renewable electricity to the region for nearly 70 years and runs as efficiently as any modern power station.

The reforms are due to be considered by the Electricity Authority Board on October 5, and changes are proposed to come into effect as soon as April next year.

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