



ERANZ Chair: speech at ERANZ Stakeholders' function 5.30pm Thursday 17 November 2016

Welcome – I'm delighted to see so many of our key partners, Members of Parliament, industry, influencers and friends joining us on this important occasion for ERANZ. I believe you qualify for all groups Minister.

Unfortunately, our Auckland-based ERANZ board members (Deputy Chair and Board member for Pulse Energy, Neil Williams; Vena Crawley, Contact Energy; Dean Schmidt, Genesis Energy; Andrew Peckham, Mercury; and Michael Skates, Prime Energy) are not here but welcome to those who are, Neal Barclay, Meridian Energy; Terry Barstead, Nova Energy and Craig Neustroski, Trustpower plus Dennis Barnes from Contact and Mark Binns from Meridian.

I'd like to start with a somewhat biblical health and safety story – despite the earthquakes, tempests, floods, locusts or in this case dead paua in Kaikoura, we are here.

So, IF there is an earthquake, please make sure you have your drink balanced, move away from the windows, stop, drop, hold – you may be in that position for a while.

IF there is a fire, please take the stairs – they're just past the lifts, and after 10 floors gather outside the building on The Terrace.

Tonight, marks a milestone - 'one year' since we were incorporated, 10 months since our Chief Executive Jenny Cameron was appointed, 7 months since I came on the board as independent chair, and 5 months since EA Bev Martin started. We now have a small, effective, committed team led very ably by Jenny whose efforts through the establishment and start-up phase have been outstanding.

Thanks, are also due to those stalwarts who saw the need to ensure there was a strong, united voice for electricity retailers and who worked hard to establish ERANZ; to those who wrote the rules and set the direction; to those who provided the funds - most of you are here and I say –

THANK YOU, I hope you share our pride in what's been achieved so far.

Our website, which went live last week, is the latest development – Bev's baby!

It includes some of the best resources from within the sector – Transpower's tool that shows how much electricity is being generated via renewables; the Electricity Authority's excellent graphs and statistics; Consumer's Powerswitch and EECA's energy efficiency tips.

Have a look, we'd welcome your feedback.

I'd like to make three points before handing over to Minister Bridges, but first, some background.

My second week as independent chair began by meeting the ERANZ Board members for a strategy day. This 'away day' made the contemporary changes starkly clear. The fact that the national conversation is no longer dominated by re-arranging the structure and big building projects; nor is it led, predominantly, by long-standing electricity experts, will not be news to anyone here.

Equally, you know we are now in a scenario of flat or falling demand. That big building projects are on hold until a few even-bigger issues get sorted. Also, many of you here are responsible for us now

operating in one of the safest, most dynamic, competitive electricity retail markets in the world. One in which the customer must come first.

That's **my first point** – if a retailer loses a customer, it really matters. I wonder if they know that? Retailers are now not only committed to safety and reliability of supply, but also to the ongoing need for innovation and being able to provide options for their customers.

This shapes the focus for ERANZ. It determines our active participation in resource-intensive submissions to ensure the retailers' views are heard on those key issues that have impact on the success of our changing sector, including the interests of consumers. But we have to prioritise. There are some big issues on the agenda and with limited resources, we cannot do justice to them all.

This leads to my second point – Retailers want to engage in robust, considered debate and are looking for pragmatic ways to be part of the solution - on emerging technology, on the remarkable renewables, and on a more effective electricity system overall.

Clearly our views will reflect the interests and expertise of our members but we also want to add value to the wider sector and, again, ultimately the consumer. *ERANZ has already been active in this area and is open to looking at more ways to engage with industry and like-minded partners on joint projects. Research and more shared activities could be among the possibilities.*

And while on emerging technology and renewables, and of being part of the solution, allow me to make another couple of quick points – sub points...

It was great to see the Government's recent support for the uptake of electric vehicles. The package of measures, which included incentives to help double the number of Electric Vehicles, was one of the strongest signals yet of the intention to encourage people to move away from petrol and diesel. It also encouraged a joint initiative from the corporate sector to commit to more than 1450 vehicles on NZ roads within the next three years. No doubt there'll be more. From a NZ Inc and an electricity industry point of view, this is very positive because it will help to both reduce emissions and our dependence on imported fuel. It will also increase our use of electricity, over 80 per cent of which comes from renewable sources.

Minister, the electricity retail sector is ready - in fact has already started, to help you meet this challenge.

Sub point 2 - On the issue of the future energy landscape, the retail industry strongly believes that the opportunities for the use of emerging technologies should develop in a competitive market. Such technologies are already changing the face of the market, or have the capacity to do so. And we believe there are questions as to whether the current definition of the regulated service is fit for purpose in this technologically changing world, and whether the intent of the Commerce Act remains appropriate. We encourage the regulatory bodies – MBIE, the Electricity Authority and the Commerce Commission – to review this, with any recommendations to be put into effect in time for the next EDB price reset in 2020 at the latest.

We believe that Regulators must tread carefully around emerging technologies or they risk blunting the significant benefits to kiwi households from smart appliances, solar panels, storage batteries and smart meters that could be available to consumers.

My third and final point relates to the vital role electricity retailers play today and will in future.

We are in this industry because we believe in its importance and in its future. It's a tough environment, it's facing disruption and mounting challenges, but there are exciting opportunities that demand new ways of thinking and operating.

ERANZ is here to improve the understanding, awareness and reputation of electricity retailing.

We look forward to collectively making sustained progress from which everyone will benefit.

Thank you all, again, for your support and participation thus far.

Now Minister, we are most keen to hear your views and insights.