

Annual Review

For the year ending 31 July 2022



ENA celebrated a landmark year with achievements that showed successful collaboration brings benefits to members and their customers.

One of the most satisfying outcomes was the development and acceptance of ENA's new five-year strategy, unanimously agreed by members at the 2021 annual meeting.

Drafted after six months of research, workshops and feedback sessions, the board-led strategy pivoted towards three focus areas – climate, collaboration, and customer.

The biggest change was placing greater emphasis on supporting members as they help New Zealand achieve net zero carbon emissions by 2050. This legislated goal will drive significant investment in hosting capacity and grid-scale and grid-edge technology. Better understanding of changing customer preferences will be required, while ensuring a transition that is equitable, especially for consumers in energy hardship.



July's inaugural meeting of ENA's stakeholder liaison group around network transformation.



A low-carbon economy enabled by electricity is at the core of the strategy, which highlights leadership and building partnerships. Key strengths of ENA, such as collaboration in regulatory affairs, pricing and government relations, will remain at the heart of future work programmes.

Turning to specific achievements, it was immensely satisfying that government passed regulations which phase out unfair pricing regulations. ENA was the driver of sector collaboration and government outreach to bring about necessary and long-overdue change. It took seven years supported by the financial and people resources of you, our members, and the establishment with retailers of a \$5 million power credits scheme, to succeed in ending regulated fixed charges, which will unlock much-needed innovation in pricing.

Another significant milestone for members was the release of a refreshed Network Transformation Roadmap. This followed a structured review which noted the original 2019 roadmap was largely fit for purpose and that some actions had been completed, others were along the way, and others needed new momentum.

The **refreshed NTR** takes account of real-world progress and challenges on the route to electrification. It clarifies timelines and targets, prioritises the main actions and identifies critical dependencies between actions. It also emphasises sharing and collaboration between EDBs, identifying which actions rely on regulators to be initiated and implemented. Encouraging and highlighting innovation is a central plank of the strategy.

Supporting new approaches and technology, ENA conducted the first round of an innovation stocktake of its members. It captures details of innovation activities involving trials and pilot studies taking place across the membership. We deliberately cast a wide net in this first stocktake, asking members to submit anything they consider to be of an innovative nature. The stocktake will be repeated on a regular basis and will refine the information collected and how it is presented over time.

On regulation, it was another busy year for ENA's long-established regulatory working group. It spent considerable time preparing for the 2023 review of input methodologies, building consensus on policies to support new approaches to quality measurement and information disclosure. It also collated member feedback for an important reset of regulation overseen by the Electricity Authority.

While there were many highpoints during the year, a bitter pill was the Electricity Authority's response to a well-researched and reasonable ENA application to change the electricity Industry Participation Code. The application sought to reduce distributor exposure to retailers which have a track record of failing to pay their contracted amounts under use of system agreements. Lodged in



ENA's sixth consumer reference panel meeting in 2021.

May 2021, the application was eight months later turned down for disingenuous reasons. The lack of good faith in considering a robust application showed again that while the Authority might say that anyone can apply to change the Code, in reality it is less than interested.

ENA had more success in reversing an Inland Revenue decision to reduce in-the-hand discounts paid to consumers by members exempt from price-quality regulation. The reversal meant that \$15 million a year that IR wanted to keep would instead continue to flow back to consumer owners.

Regarding pricing, ENA added value by helping distributors align their pricing methods and definitions. Standardisation reduces the complexity and number of pricing arrangements between distributors and retailers, which lowers operating costs and barriers to more retail competition, benefitting consumers in the long term. The third edition of ENA's Pricing Guidelines for Electricity Distributors—a handbook for pricing practitioners was recently published.



Meanwhile ENA put significant effort into communicating the work of its members to key stakeholders and consumer representatives. In addition to the fifth year of convening a Consumer Reference Panel, ENA launched a network transformation stakeholder liaison group. Its establishment fills a need identified during outreach in 2021. Policy makers, regulators and other interested parties sought more information on how EDBs were gearing up and adapting to the new energy environment. In addition to

direct engagement through the liaison group, ENA increased awareness through establishing a 'Powering up for change' communications and engagement campaign including development of a microsite and enhanced external communications through channels such as LinkedIn.

Another important milestone for ENA was the staging of its inaugural CEO and Chair Forum, an event which for the first time included chairs in presentations and discussion on regulatory and other matters. Feedback was very positive, and a second forum was held recently.

With respect to financials, ENA kept members' fees unchanged. Fees have either stayed the same or decreased since 2014. Meanwhile, ENA's reserves increased

to more than \$1.5 million, giving sufficient financial headroom for next financial year's heavy regulatory workload.

I mentioned at the start of this report that it was a landmark year for ENA. The Association of Electric Power Boards was formed in 1922 and held its first conference in September that year. While there were many twists and turns along the road to the modern ENA, it is worth noting that the genesis of our highly-regarded industry association stretches back a century.

Finally, I'd like to pay tribute to the board – Nigel Barbour, Neil Simmonds, Jason Franklin, and Russell Shaw, and in particular to two board members not seeking re-election, Richard Fletcher and Andrew Tombs.

I too won't be seeking re-election at this year's annual general meeting, stepping down after an enjoyable 20 years on the board, including 12 as chair.

It's been a privilege to serve with the various directors of the ENA over these past two decades, especially deputy chair Nigel Barbour, who's been on the board almost as long as me. I wish the next ENA board and all members the very best for the exciting period ahead.



Ken Sutherland
Chair ENA