

16 June 2024

Finance and Expenditure Committee  
Parliament Buildings  
1 Museum Street, Wellington 6160  
By email to [fe@parliament.govt.nz](mailto:fe@parliament.govt.nz)

### **ENA submission on the Finance and Expenditure Committee's Inquiry into climate adaptation**

Electricity Networks Aotearoa (ENA) appreciates the opportunity to submit on the Finance and Expenditure Committee's Inquiry into climate adaptation. This is a supplementary submission as ENA submitted to the Environment Committee's inquiry into climate adaptation in November 2023. This earlier submission is attached as Appendix B.

ENA is the industry membership body that represents the 27 electricity distribution businesses (EDBs, sometimes called lines companies) that take power from the national grid and deliver it to homes and businesses. ENA harnesses the collective expertise of members to promote safe, reliable, and affordable power for our members' customers.

EDBs are aware of and actively addressing the impacts of climate change throughout all facets of their businesses. This encompasses long-term planning, investment decisions, engineering and infrastructure standards, as well as more immediate operational activities and emergency responses.

We encourage the Committee to take a long-term view of the impacts of climate change on homes and businesses, as well as the critical infrastructure that supports these. The resilience of power lines, substations and transformers, and the systems supporting EDB's infrastructure impacts how communities respond to, and recover from, extreme weather events. Therefore, it will be essential to develop recommendations that effectively establish a co-ordinated regime for adapting to the impacts of climate change that ideally takes a systems view of critical infrastructure.

ENA encourages the Committee to consider section 105 of the Electricity Industry Act 2010, which prohibits EDBs from ceasing line services to a customer without consent from either the Minister or all affected customers. Some submitters considered the high threshold of "an existing high risk of loss of life" as the justification for mandatory retreat.<sup>1</sup> If this were to be the justification, this

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<sup>1</sup> The Finance and Expenditure Committee. (2024, May 22). *Environment Committee Inquiry into Climate Adaptation Summary of Submissions* (Retreat, para. 22). New Zealand Parliament.  
[https://www.parliament.nz/resource/en-NZ/54SCFIN\\_ADV\\_f4a021af-6284-4959-1470-08dc7066ff1a\\_FIN879/eba89262969c6dbc0f5103a54834db5cf94dbdb5](https://www.parliament.nz/resource/en-NZ/54SCFIN_ADV_f4a021af-6284-4959-1470-08dc7066ff1a_FIN879/eba89262969c6dbc0f5103a54834db5cf94dbdb5)

could result in EDB staff being exposed to considerable risk of loss of life as they continue to service customers who don't consent to ceasing of their line services.

Do not hesitate to get in touch with ENA if you'd like to discuss any of the points raised in our submission. Please contact Sophie Tulley ([sophie@electricity.org.nz](mailto:sophie@electricity.org.nz)) in the first instance.

Yours sincerely,



Sophie Tulley  
Policy & Innovation Advisor  
Electricity Networks Aotearoa

## Appendix B

### **ENA submission on the Environment Committee | Komiti Whiriwhiri Take Taiao inquiry into Climate Adaptation**

Electricity Networks Aotearoa (ENA) appreciates the opportunity to submit on the Environment Committee | Komiti Whiriwhiri Take Taiao inquiry into Climate Adaptation.

ENA is the industry membership body that represents the 27 electricity distribution businesses (EDBs, sometimes called lines companies) that take power from the national grid and deliver it to homes and businesses. ENA harnesses the collective expertise of members to promote safe, reliable, and affordable power for our members' customers. ENA is supportive of the Government's efforts to increase the resilience of communities and infrastructure in the face of climate change and establish an ordered regime for when managed retreat must be used.

ENA, on behalf of its members, recently commissioned a review of the sector's response to Cyclone Gabrielle. This report, containing learnings from this severe weather event, is available on the ENA website<sup>2</sup> as a resource for the Committee. ENA also has a few key points concerning possible changes to legislation and the regulatory framework which may be of interest to the Committee. These specific points on the inquiry into climate adaptation are attached to this letter as Appendix A.

Do not hesitate to get in touch with ENA if you'd like to discuss any of the points raised in our submission. Please contact Richard Le Gros (richard@electricity.org.nz, 04 555 0075) in the first instance.

Yours sincerely,



Tracey Kai  
Chief Executive  
Electricity Networks Aotearoa

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<sup>2</sup> <http://ena.org.nz/assets/ENA-EDB-Cyclone-Gabrielle-Review-Report-ISSUED-13-Jul-23-1197.pdf>

## Appendix A

### **1. Cyclone Gabrielle**

The resilience of electricity sector infrastructure is becoming increasingly important as the frequency of extreme weather events continues to increase alongside the reliance on electricity to decarbonise the economy. While ENA acknowledges there is a need for continuous improvement of the resilience of infrastructure in the face of these challenges, EDBs must work within the legislative and regulatory frameworks to do so. Cyclone Gabrielle highlighted that EDBs have a good level of preparedness in their management structures and in the availability of mutual aid across the sector. Preparedness and response to more typical weather events is well practiced by the distribution sector and is an element of business as usual.

### **2. Changes needed to existing legislation and regulatory framework.**

ENA encourages the Committee to consider reviewing section 105 of the Electricity Industry Act 2010. This prescribes that EDBs must maintain supply of lines services to all customers in the EDBs network or supply that customer with electricity from some alternative source. As technology advances, many more options for alternative sources of electricity are viable. This includes photovoltaic solar panels with the excess energy being stored in batteries and a backup generator being available for instances of low solar output or high load. Currently, EDBs are prohibited from ceasing to supply line services to a customer without consent of either the Minister or every customer that would be affected by the ceasing of the service. That is, the customer must consent to receiving their electricity supply from some alternative source, rather than the lines service.

With the appropriate caveats to safeguard customers interests, this section could be amended to allow EDBs to change the nature of electricity supply to an alternative source without needing the consent of every customer who is being supplied. If the section was relaxed, it would provide an opportunity for EDBs to better coordinate the retreat of infrastructure alongside communities. It would also avoid all EDBs customers carrying the cost of maintaining vulnerable electricity lines that only benefit a small number of customers who could be potentially supplied by an alternative, more economic and resilient electricity source.

As the Ministry for the Environment mentions in their *Community-led retreat and adaptation funding: Issues and options* paper, if we fail to adapt, we may be in a constant state of recovery from the effects of climate change. If EDBs are not able to withdraw their infrastructure from vulnerable locations as communities retreat, this may put both those assets and the well-being of the EDB staff that service them, at unreasonable risk.

### **3. Targets and indicators for assessing progress to more resilient infrastructure.**

ENA understands the Committee's desire to measure the progress being made on improving the resilience of infrastructure, particularly that which supplies lifeline utilities. The electricity distribution sector is continuously reviewing and amending standards to improve the resilience of its infrastructure to give the best possible service to its customers while balancing the need to maintain affordability. This ongoing process of review and revision of standards, given the long-lived and expensive nature of the infrastructure managed and the geographical spread, can only occur over time, rather than 'at once'. The distribution sector is already regulated by the Commerce Commission to ensure that an appropriate balance is struck between service (including resilience) and cost to customers – the price-quality trade-off. Adding additional targets to the sector can be unnecessary and potentially counterproductive. There are already significant incentives on EDBs to ensure an appropriate level of resilient infrastructure, not least of which is to maintain their social licence to operate.

## Appendix C – ENA Members

Electricity Networks Aotearoa makes this submission along with the support of its members, listed below.

Alpine Energy  
Aurora Energy  
Buller Electricity  
Centralines  
Counties Energy  
Firstlight Network  
Electra  
EA Networks  
Horizon Energy Distribution  
Mainpower NZ  
Marlborough Lines  
Nelson Electricity  
Network Tasman  
Network Waitaki  
Northpower  
Orion New Zealand  
Powerco  
PowerNet  
Scanpower  
Top Energy  
The Lines Company  
Unison Networks  
Vector  
Waipa Networks  
WEL Networks  
Wellington Electricity Lines  
Westpower