

The future impact of emerging technologies in the energy sector

Input methodologies review forum

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Purpose of this session

The purpose of this session is:

- Call to action now to avoid regulatory catch up later
- Discover, challenge and moderate views regarding regulatory implications of technological developments
- Tap industry knowledge to help articulate potential problem(s) related to emerging trends that the IM review should address

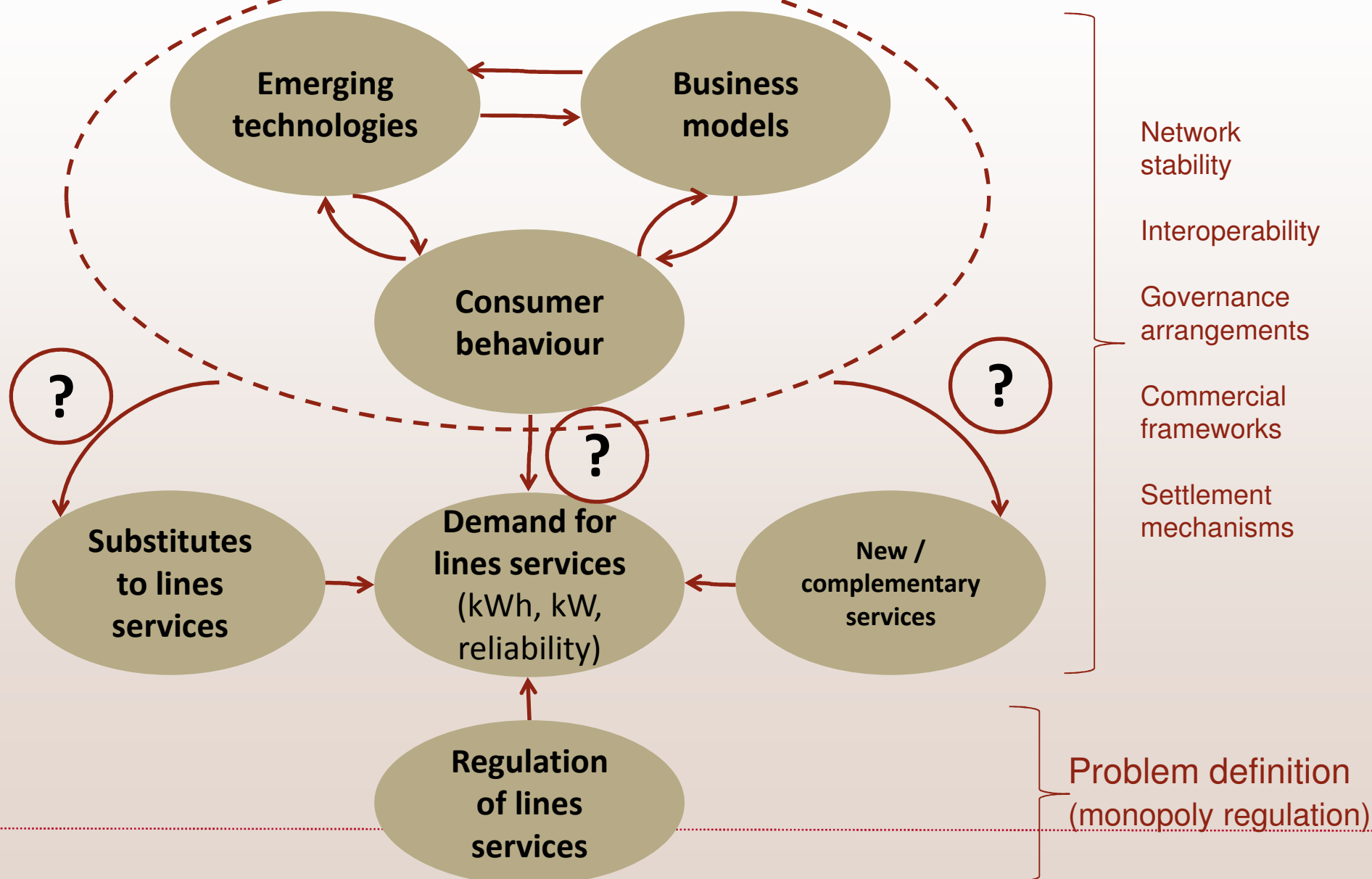


Setting the scene

- Part 4 purpose
 - Innovation, investment, efficiency, quality, downward pressure on prices and excessive profits
- The purpose of the IMs in section 52R
 - Certainty
- Regulatory responsiveness to a changing environment
 - Predictability

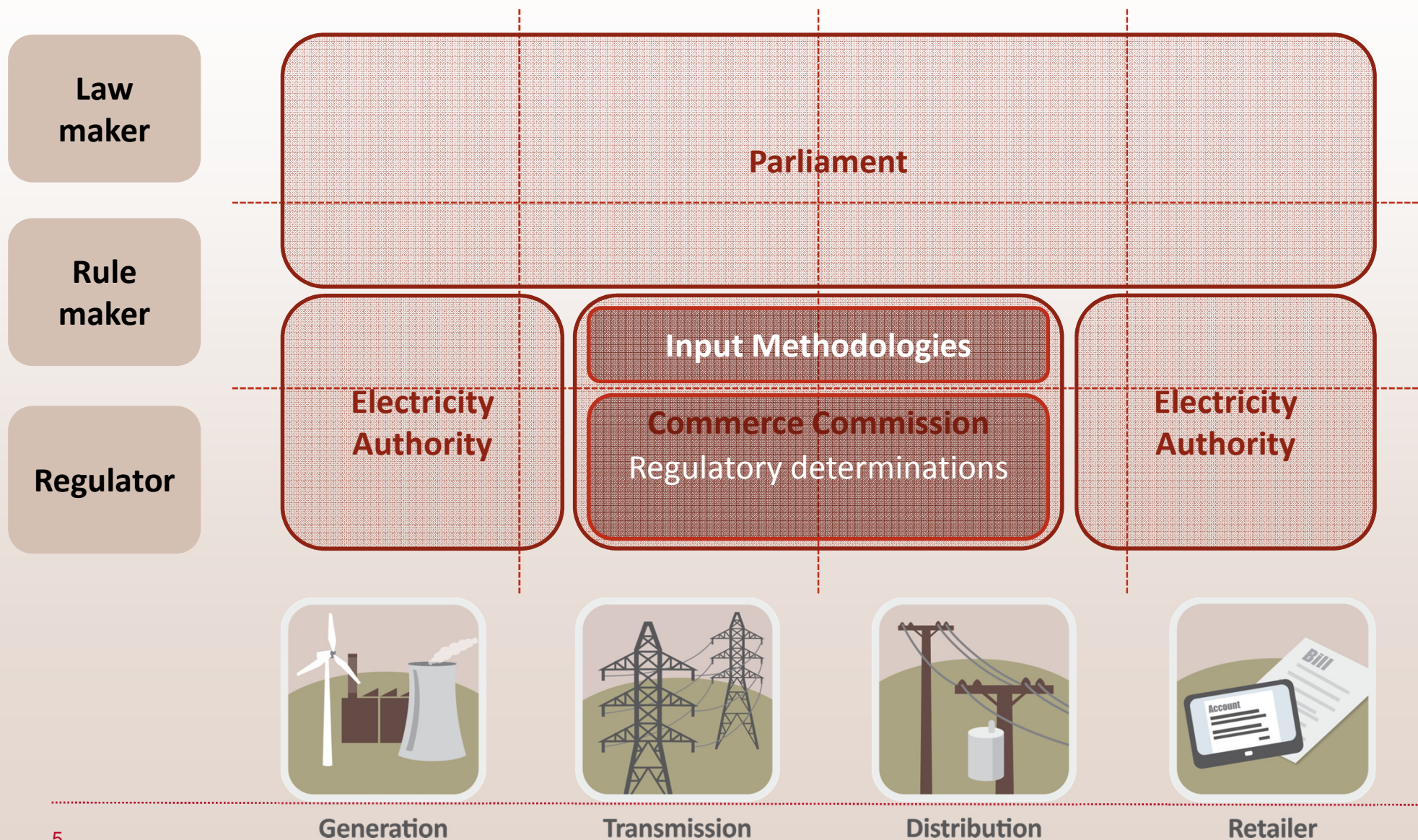


Searching for signal



The IMs in its regulatory context

Electricity sector



Problem definition – impact on businesses

Questions for discussants to consider:

- What is the most important question(s)?
- Prospects of change
 - Opportunity or threat?
 - How likely, imminent and material is change in NZ?
- Response to change
 - What have you done, or seen in anticipation or in response to these developments in NZ? What are the implications for the gas sector?
 - Barriers to innovation and technology uptake?
- Asset stranding - has this risk materially changed in NZ?
- Uncertainty - the central attribute
 - Option value / risk of waiting for more certainty?
 - Is there a flexibility - certainty trade off?

Problem definition – impact on regulation

Questions for discussants to consider:

- What is the most important question(s)?
- Are **expenditure incentives** appropriate?
 - New expenditure: what, when, where and by whom?
 - Treatment of sunk RAB and risk of asset stranding
- **Asset stranding** - who should bear this risk?
- **Pricing** - are the IMs affecting EDBs ability to price efficiently?
- **Scope of regulation** - should the boundaries of regulation be reconsidered? When?
- **Uncertainty** - the central attribute
 - Option value vs risk of waiting for more certainty?
 - Is there a flexibility - certainty trade-off?
 - Are there any no-regret measure we can take now?

Contact us



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