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**Subject: TPM Options working paper submission**

A.D Harwood Limited is a family owned farming business operating in Golden Bay, Nelson. The farming business also owns and operates a small hydro power scheme which forms an integral part of the farms irrigation system.

The significant driver for installing the hydro on farm was to alleviate the distribution constraint that prevented our farm from installing any further irrigation pumping equipment. I.e: the power lines could not handle any further increase in load.

We were not the only farmers in the valley facing this dilemma.

We are now able to not only supply our own power needs but also at times we export back into the grid. We have recently just committed to a significant upgrade of our irrigation/hydro pipeline and once commissioned in September this will result in a significant increase in power exported to the grid. The benefits of reducing the constraint on the power line up the valley are obvious.

Our company has made a significant economic investment in generation plant and equipment based on the expectation of revenue from both energy and avoided-cost-of-transmission payments over the life of our assets. We are shocked by the proposals put forward by the EA which has the potential to financially cripple our business.

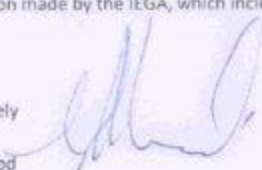
We are a member of the Independent Electricity Generators Association and have been discussing this topic with other members. The following points we wish to raise are generally common across all members and it definitely raises concerns as to how the EA has managed this entire process. In fact, to put it bluntly, it resembles a cavalier approach to consultation!

- \* The TPM options paper is complex and difficult to understand. We are laymen and we have equal right to own hydro plants as any other participant. The EA needs to write the document at a level that everyone can understand. We have been made aware that even experienced financial economists can't decipher the entire document. Furthermore the EA themselves when questioned about aspects of the document cannot provide answers!
- \* We cannot determine what extent our business will be affected if these changes are implemented.
- \* Like all the other DG's we have discussed this with, they have expressed the same concern over the lack of consultation from the EA. Does the EA even know we exist? Why hasn't the EA made direct contact with us and advised us of the implications of the proposed changes.
- \* Has the EA put a business like ours into their financial model? If so why haven't they provided us this information? If not why haven't they done this! Can the EA even calculate what the effects will be! How will our business be affected in the future if load or generation changes in our region? We have recently seen a transfer of transmission assets into the local Network Company's ownership. How does that affect us!

- The investment we have made must also be helping alleviate the transmission restraints for the top half of the South Island.
- The Authority cannot continue to ignore the value provided by distributed generation. It is real, it adds value. Our small scheme is a simple example of that.
- We do not support the options put forward by the EA in the TPM options paper and strongly recommend retention of the status quo. We believe it is impossible to consider the proposed changes to the TPM without understanding what the Authority might be proposing for avoided-cost-of-transmission payments and distribution charges.

A.D Harwood is a member of the Independent Electricity Generators Association and fully supports the submission made by the IEGA, which includes the report by Andrew Shelley Economic Consulting Ltd (ASEC).

Yours Sincerely



Nigel Harwood  
Managing Director  
A.D Harwood Ltd