

## PRESS RELEASE

# Government changes will cause power costs to go up and local power stations to shut

Many of you will be familiar with Pioneer Energy. Our power stations have been part of the region for up to 80 years playing a big part in providing the people of Central Otago with the electricity they need every day, providing good jobs locally and keeping our profits within our community.

It will surprise you to learn that there are 90 small power stations like ours around New Zealand, and together we provide 10% of the country's electricity. All are community owned in one way or another by local trusts or small businesses. Many of the power stations were originally built by local consumers and ratepayers, and have been carefully maintained and upgraded ever since by subsequent owners.

And over 95% of those power stations use renewable energy – hydro, wind and geothermal. Some even use methane from old rubbish tips to power their stations; methane that would otherwise add to greenhouse gases.

But changes the Government is looking at could pull the plug on us all, and decisions could be made as early as October.

### **The impact will be bad for consumers, bad for regions and bad for New Zealand.**

For many years, small power stations like ours earned a service payment to generate electricity at peak times, usually in the morning and evening. Why? Because every kilowatt of power we can produce locally is one less kilowatt that has to be imported from other parts of the country.

Those imports cost big bucks – the power has to be shipped across the national grid and then across the local electricity line company network to get it to you. All those pylons, substations, cables and lines are expensive. And the bigger the peaks in demand, the more capacity that is needed in the system, and so the higher the cost.

Back in 2007 the then Government went so far as to create regulations specifically to support local power stations, and reduce the need for the imports. They also wanted to encourage more renewable energy supplies.

But Government officials now want not only to reduce these rebates, but also to charge us a new fee to send our power across the local line network.

The Independent Electricity Generators Association (IEGA), who we are members of, had PricewaterhouseCoopers do a study looking at what impact the changes would have.

The result? Between \$0.5 billion and \$1.5 billion will be collectively wiped off the value of all the small power station owners like us.

That will mean many of these power stations could close and others would no longer be maintained, but just run into the ground.

How does this affect you and this community?

Less power will be produced locally. More will need to be imported at higher prices.

And the people who generate that power are the big companies like Meridian, Contact, Genesis and Mighty River Power.

It's like taking Kiwibank, SBS or Heartland out of the banking system and leaving just the big Australian banks.

There will be less choice and less competition in the market for electricity supplies, ironically at time when the Government says it wants more competition, not less.

The 50 plus jobs companies like us provide locally, and the money we spend locally on maintenance and supplies will all go.

Local power trusts will be hurt and receive less money which will mean fewer returns to the community and inevitable cuts in local sponsorship support. Pioneer Energy is proudly owned by the Central Lakes Trust. Central Lakes Trust is responsible for distributing its income to our local community supporting charitable projects. The Trust has supported our community with grants now totalling more than \$78m and Pioneer contributed more than \$58m through payment of dividends.

And if we have a natural disaster or accident that shuts down the national grid in our area, then there will be no back up power supplies locally. That should concern every house, every farm, every orchard, every business and every civil defence authority and local council.

The proposed changes are a great example of people who've spent time at their desks playing with spreadsheets and have never bothered to leave their desks and visit New Zealand's regions.

We're working really hard to convince the Government that these changes are going to have a huge impact on the regions, but we'd really like our community to add their voices to our cause.

If you would like to know more we are holding a community meeting at Cromwell & Districts Presbyterian Church at 11am on Friday 23 September 2016.

For further information contact

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