Electricity Price Review uses fake facts to suppress lowest-cost energy options
Press release, 12 September 2018 Molly Melhuish,

The Electricity Price Review incorrectly states that electricity supplies 85% of household energy, referring to MBIE's energy balances spreadsheet (screenshot attached).

In fact, the spreadsheet shows that electricity supplies 70% of household energy. Firewood is the second biggest source, at 12.9% of the total.

This error is not a simple mistake, it is at the heart of the Review's central question: 'why are residential prices rising?'. Answer: to keep the power companies flush with cash so they can build new power stations in the hope that demand will grow again.

And the Minister agrees "we need to double our [power] generation." Rising power prices will pay for that.

It is growth that creates shareholder value, and New Zealand's electricity regulation is designed to promote shareholder value. The Crown owns the majority of centralised electricity assets.

The Review notes that gas peaking stations are used to provide for winter peak demands and dry years, and it would be "challenging" for electricity to become 100% renewable.

Actually the cheapest way to reduce peak demands is to insulate houses and provide them with either heat pumps or efficient wood burners. Happily these are also the cheapest ways to create warm dry houses to protect New Zealanders' health.

But the Review's scope excludes energy efficiency and heating options other than electricity, as ways to make warm houses affordable. I urged the Review's secretariat to include these options, without success.

MBIE's Energy Demand and Generation Scenarios continue to exclude firewood, despite my repeated submissions and informal discussions with the officials involved. They have answered, "wood burning is on its way out ..." Their own energy balance spreadsheet contradicts that.

The four biggest generator-retailers, desperate for demand to increase, have just contracted with the smelter to re-open the fourth potline, for a mere 5.5 cents per kilowatt-hour. This will make the gap between industrial and residential power prices even greater.

The Review team is supporting the government in trying to preserve a dinosaur industry against competition from energy efficiency, efficient wood burning and solar. These are already eroding corporate electricity's profitability and asset values.

Unless the big power companies are required to cooperate with, not compete against, energy efficiency, solar energy and wood energy, New Zealand householders will face a bleak future.

The Review, page 9, says:
“Households typically meet about 85 per cent of their home energy needs using electricity.” (MBIE, Energy Balance Tables, 2016)

From MBIE, Energy Balance Tables,

https://www.mbie.govt.nz/info-services/sectors-industries/energy/energy-data-modelling/statistics/energy-balances

I have shrunk the display of the table to “Residential” only, and calculated the percentages.

Energy Supply and Demand

Calendar Year

2016

Converted into Petajolues using Gross Calorific Values	Coal			Oil							
	Sub-bitum.	Bituminous & Sub-bitum.	Lignite	Total	Crudes/ Feedstocks/ NGL	LPG	Petrol	Diesel	Fuel Oil	Av. Fuel/ Kero	Others	Total
Residential		0.18	0.16	0.34		3.22	0.05	0.12	-	-		3.39
percentage total demand				0.5%		5.1%						

Natural Gas	Renewables								Electricity	Waste Heat	TOTAL
Total	Hydro	Geothermal	Solar	Wind	Liquid Biofuels	Biogas	Wood	Total	Total	Total	
6.36		0.30	0.36				8.12	8.78	44.02		62.90
10.1%			0.6%				12.9%		70.0%		100.0%