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SUBMISSION
TO
ELECTRICITY COMMISSION
ON
DRAFT REPORT ON TRANSMISSION TO ENABLE RENEWABLES

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**SUBMISSION TO ELECTRICITY COMMISSION ON:
DRAFT REPORT ON TRANSMISSION TO ENABLE RENEWABLES**

1. INTRODUCTION

- 1.1 Federated Farmers welcomes the opportunity to comment on the Draft Report on Transmission to Enable Renewables.
- 1.2 Federated Farmers of New Zealand is a member-based organisation representing farming and other rural businesses. Federated Farmers has a long and proud history of representing the needs and interests of New Zealand farmers.
- 1.3 The Federation aims to add value to its members' farming business. Our key strategic outcomes include the need for New Zealand to provide an economic and social environment within which:
- Our members may operate their business in a fair and flexible commercial environment;
 - Our members' families and their staff have access to services essential to the needs of the rural community; and
 - Our members adopt responsible management and environmental practices.

2.0 Renewable preference and impact on rural communities

- 2.1 Currently New Zealand generates 70% of its electricity from renewable sources (mainly hydroelectric). The New Zealand Energy Strategy (NZES) has set a target of 90% of electricity being generated from renewable sources by 2025 (based on an average hydrological year) to reduce greenhouse gas emission.
- 2.2 Federated Farmers has commented specifically on several aspects of the NZES including biofuels and the security of supply to rural areas. Federated Farmers has not taken a position on the efficacy of renewable energy. Our concerns about "Transmission to Enable Renewables" relate to the impacts of increased renewable energy sources. In particular, we are concerned about the need for productive land to be taken out of productive use to accommodate both the renewable energy source as well as the transmission lines needed to connect the renewable energy generation to the national grid.
- 2.3 The nature of renewable energy generation is that it is located overwhelmingly in rural areas, but consumed overwhelmingly in urban areas.
- 2.4 Federated Farmers acknowledges the importance of transmission to the nation but argues that the collective activity of farmers is also important to the nation. In other words the positive and negative effects of transmission should be given no more or less consideration than the positive and negative effects of farming activities.
- 2.5 The Public Works Act recognises that the affected landowner should be left no better or worse off than before the action is taken. Given the long lifetime of the lines and the

necessary on-going relationship between Transpower and affected landowners, the Federation considers it important that the same standard apply here.

- 2.6 The reality for affected landowners is that transmission lines, much like any infrastructure, has an injurious affect on the land it occupies as well as the surrounding land through the imposition of reverse sensitivities. Where these effects cannot be minimised the landowner ought to be fully compensated for the burden of transmission infrastructure on their land. Unlike Transpower, farmers are not able to pass costs onto consumers and nor should they when transmission infrastructure exists for the national benefit.
- 2.7 Federated Farmers is aware that Transpower has pressured a number of landowners into signing easement or other agreements that may have resulted in the landowner receiving inadequate compensation. The federation considers this could have been avoided if the landowners were able to obtain good independent advice before entering into discussions with Transpower.
- 2.8 There are however only a few lawyers and legal specialists with experience in both the Public Works Act and negotiating easement agreements. This makes it difficult for many landowners to access the advice they need to make informed decisions in their dealings with Transpower.
- 2.9 Advice presented to the Federation and many of its members from experienced valuers and legal specialists suggests that the optimal means of recognising the on-going impact of transmissions infrastructure on private land is through the provision of compensation as an annual payment.
- 2.10 Annual payments represent an effective method of correcting any historical planning deficiencies that were neither the fault of Transpower or affected landowners. Annual payments also avoid the need for as much upfront capital to construct the lines as compensation becomes an annual operating expense included in the rate base for transmission pricing.
- 2.11 Federated Farmers has attempted on numerous occasions to progress the annual payment option with Transpower but Transpower has so far refused to accept annual payments as a form of compensation payment.
- 2.12 Following comments attributed to Transpower in the print media in October 2006, the Federation sought advice from the Electricity Commission and Commerce Commission as to whether it was possible for Transpower to provide compensation in the form of an annual payment under current regulatory conditions. The response received from both Commissions suggests that it would be acceptable under current regulatory conditions for Transpower to provide compensation as an annual payment instead of an up front lump sum amount.
- 2.13 Federated Farmers is not trying to prejudge the decisions of individual landowners. It is instead trying to ensure affected landowners are given the option of choosing whether to be compensated up front or over time.

2.14 Federated Farmers hopes the Electricity Commission will recognise the difficulties surrounding this issue and add these points to the discussion going forward.

CONCLUSION

Thank you for the opportunity to submit. We look forward to further discussions with the Electricity Commission about these issues.