



caring about you & your environment

Report 01.579

10 August 2001 (HEP)

File No. B/6/7/4

Report to the Policy and Finance Committee
from Stuart Macaskill, Chairman

Energy Savings During Power Shortage

1. Purpose

To provide an update on energy issues following the Council's Emergency Meeting held on 2 August 2001.

2. Background

At the Emergency Meeting, officers presented the Council with a staged range of options that could achieve increasing levels of energy savings. The main area identified for possible savings were in the water area where the options were:

Stage 1 Operational changes.

Stage 2 Source of water change (river water instead of aquifer water for Petone).

Stage 3 Diesel substitution for electrical energy.

(See *Attachment 1*).

Council was also advised that discussions were being held with our energy supplier TrustPower regarding payments by them for savings achieved to offset some of our additional costs.

The other areas identified for possible savings were the Council's main office and reduced use of trolley buses.

The Council subsequently resolved that:

- (1) *Notes the presentation made to the Council by officers about the current national electricity shortage and a suggested Council response.*
- (2) *Notes the information set out by officers on means of saving electricity consumption.*
- (3) *Discusses with the four cities the proposals that WRC has in mind to save electricity.*
- (4) *Notes the further steps which involve additional power savings.*
- (5) *Directs that the situation be reviewed on a weekly basis by a sub-committee comprising the Council Chairperson and Committee Chairpersons with appropriate officers in attendance.*
- (6) *Notes that in the interim, electricity savings which can be made in a routine way, will be implemented.*
- (7) *Investigates and reports back on extra benefits of trolley buses being replaced by diesel buses in off-peak periods during the present situation.*
- (8) *Advises the Minister of Energy of the options being considered and undertaken by this Council.*

3. **Update**

Available members of the subcommittee conferred on 9 August.

(1) **Bulk Water**

(a) **Discussion with Four Cities**

Attached is a file note (*Attachment 2*) of discussions held with senior officers of the four city councils. Generally, they support the Council making the first stage of operational changes that would see us potentially saving about 14 percent in energy consumption. The views ranged from Porirua City Council who urged us to 'do our bit' to Upper Hutt City Council who tended to support the Council's current position but would not oppose us moving to the 14 percent saving stage.

(b) **Update on Power Shortage Position**

Electricity Markets

An attached graph (*Attachment 3*) shows the average daily prices from 1 June to 7 August. The market peaked at just over 40 cents a kilowatt-hour in late July. Prices have since dropped to a range between 13 and 18 cents on 7 August. The decrease in price is due to a reduced demand, possibly helped by relatively warm weather conditions for this time of year. The second graph (*Attachment 4*) shows the main storage lakes. Taupo is exceptionally low and the Waitaki Basin lakes continue to fall. There has been a slight increase in the Waiau system (Lakes Manapouri and Te Anau). National storage is now similar to the same time in 1992. At that stage the South Island system contained less water than at present, but the North Island system contained more. It is expected that updated versions of Attachments 3 and 4 will be distributed at the Policy and Finance Committee meeting.

A return to cold winter conditions and continued low water inflows will see electricity prices rise again.

(c) **Government's Position**

The Minister of Energy met with electricity industry representatives on Monday but did not issue a press statement after the meeting. The Minister's advisors in the Ministry of Economic Development confirmed that the Government's position has not changed. That is, a reduction in electricity consumption of 10% is being called for, with 15% from government departments and local authorities. Apparently the Government's advertising campaign to reduce consumption is nearly complete. The advertisements are to start shortly.

(d) **Update on Discussions with Trust Power**

Discussions have been ongoing with TrustPower Limited who are contracted to supply most of the electrical energy used by The Water Group. An early response is expected as to whether or not TrustPower will meet some, or all of the cost for The Water Group, to switch from cost minimisation in the production of water to energy minimisation. (for reasons of commercial confidentiality details would need to be discussed in Public Excluded business).

(2) **Public Passenger Transport**

Stagecoach Wellington have agreed that trolley buses could be withdrawn by 8.30pm each weekday.

This would reduce power usage by an estimated 12%.

These changes would be cost neutral to Council and could be implemented at one week's notice.

Further savings would be available by withdrawing trolley buses- between the morning and evening peaks, however, this will require extensive re-rostering and would require a longer lead time.

(3) Regional Council Centre

The following steps have been taken to reduce electricity consumption in the Regional Council Centre:

- All non essential external floodlighting has been turned off
- Lighting levels have been reduced in corridors and store rooms
- Staff have been urged to turn off office equipment when it is not in use

The air-conditioning now starts up later with a reduced stagger and shutdowns half an hour earlier.

4. Communications

Appropriate media releases will be prepared.

5. Recommendations

That the Committee recommend that Council:

- (1) Initiate the Stage One operational changes in the bulk water area that will deliver energy consumption savings of 14%.*
- (2) Note that, at this stage, a response is awaited from Trust Power as to whether it will meet all or some of the increased costs to the Water Group.*
- (3) Make no change to the source of water to Petone at this stage.*
- (4) Thank Stagecoach for their co-operation, but not reduce utilisation of trolley buses at this stage.*
- (5) Note the action taken concerning the Regional Council Centre.*

STUART MACASKILL
Chairman