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Submissions
Electricity Authority
Level 7, ASB Bank Tower
2 Hunter Street
P O Box 10041
WELLINGTON

Trustpower Limited
Head Office
Truman Lane
RD 5
Tauranga
Postal Address:
Private Bag 12023
Tauranga Mail Centre
Tauranga 3143
T 07 572 9754
F 07 572 9825
Offices in
Auckland
Wellington
Christchurch
Oamaru
Freephone
0800 87 87 87
trustpower.co.nz

By email: submissions@ea.govt.nz

TRUSTPOWER SUBMISSION: HVDC COMPONENT OF TRANSPOWER'S PROPOSED VARIATION TO THE TPM

1 Introduction

1.1.1 Trustpower Limited (Trustpower) thanks the Electricity Authority (Authority) for the opportunity to provide a submission on its consultation paper titled *HVDC component of Transpower's proposed variation to the Transmission Pricing Methodology* (the Consultation Paper).

2 Previous submission on Transpower's proposed variations

2.1.1 Our submission of 2 June 2015 to the Authority's consultation paper titled *Transpower's proposed variation to the Transmission Pricing Methodology* (our June submission) considered the scope and purpose of that consultation paper, and the respective roles of Transpower and the Authority in relation to a review of the transmission pricing methodology (TPM).

2.1.2 We also considered the various options for TPM reform advanced by Transpower and supplemented by the Authority, and the case for adopting them (or otherwise).

2.1.3 As we said in our June submission, we think there is a case for proceeding with the TPM changes relating to the value of N, reverse flows and the proposed changes to the HVDC charging methodology, without further delay.

3 Submission on the proposed variation to HVDC charging

3.1.1 In section 10 of our June submission we set out the process that Transpower has followed in its assessment of options for modifying the charging methodology for the HVDC link within the existing TPM.

- 3.1.2 We considered that Transpower has turned its mind to the matters required by the Code (discussed earlier in our June submission) and that its proposal is consistent with those matters.
- 3.1.3 Specifically, we considered that the proposed change in relation to the HVDC charging methodology is consistent with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010. Our view is that it is likely to promote competition and reliability in, and the efficient operation of, the wholesale market for the generation of electricity, by reducing the withholding of South Island generation capacity to avoid HVDC charges.
- 3.1.4 We also note that the proposal includes appropriate transition arrangements as required by the TPM guidelines.
- 3.1.5 It therefore follows that this change should be approved without further consultation, as all relevant views have already been considered and there are benefits to consumers in making this change within the timeframes proposed by Transpower.
- 3.1.6 For any questions relating to the material in this submission, please contact me on 07 572 9888.

Regards,



JAMES TIPPING
MANAGER STRATEGY AND REGULATION

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