

18 April 2017

Hon Judith Collins
Minister of Energy and Resources
Private Bag 18041
Parliament Buildings
WELLINGTON 6160

Dear Minister

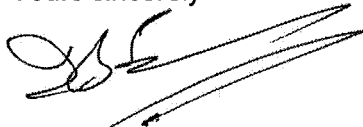
Thank you for your letter dated 21 March 2017 seeking assurance the Electricity Authority will take into account the wide range of views expressed on the issue of transmission pricing and, above all, will address the practicality of the proposal and consider the wider implications it has on stakeholders.

The Authority Board met on 13 April 2017 to discuss progress with the review of transmission pricing guidelines. The Board decided at that meeting to undertake further work over the next few months. While the main reason was to review the cost benefit assessment of the TPM the Board also realised this would provide it with increased opportunity to assist Transpower with potential implementation issues by further demonstrating the practicality of its proposed transmission pricing guidelines.

As you may be aware, the Authority has consulted extensively during the entire transmission pricing review, covering 17 consultation rounds and numerous workshops and forums. Submissions have been received from a wide range of parties and we have engaged directly with parties outside the electricity industry, including some mayors.

As the Board decided at its 13 April meeting to prepare a new cost-benefit analysis, we will need to consult on it, in late 2017 or early 2018. The Authority will take the opportunity to continue to consider the wider implications of its proposals on stakeholders. The Authority presented transition options in its May 2016 consultation paper and proposed a cap on increases in transmission charges for electricity distributors and a series of caps for industrial consumers directly connected to the national grid. The Authority will continue to consider these matters in the months ahead while it is preparing the new cost-benefit analysis.

Yours sincerely



Brent Layton
Chair

cc: James Stevenson-Wallace
GM Energy and Resource Markets
MBIE