

# Relationship Charter - Electricity Authority and Transpower as provider of the System Operator service

## Purpose

This Charter describes our joint objective for the relationship between Transpower as provider of the System Operator service and the Electricity Authority; and the principles that we will follow both to resolve tensions and to pursue our joint objective.

It will clarify the desired relationship between us and provide a consistent basis both for staff interactions across our organisations through time and for any future agreements we enter into.

## Context

Both the Electricity Authority's roles and objectives and Transpower's role as the System Operator service provider for the Electricity Authority are stipulated in legislation. While the organisations have other roles and responsibilities, this relationship includes 3 main interactions: in day-to-day operations, market design and compliance.

Tensions in the relationship arise from the Authority's compliance role, where it takes action against Transpower, and as a result of the single-buyer/single-seller situation.

Conversely, both organisations do have some clear objectives in common and there is an opportunity to leverage our joint capabilities better than we currently do towards those objectives.

## Joint Objective

We will deliver long term benefits to New Zealand consumers in the course of operating and developing the broader electricity market by:

- Promoting competition, for example by removing technical barriers to entry and participation in the wholesale market;
- Ensuring reliable supply, for example by efficiently balancing risk and the costs of risk reduction and by taking advantage of new technologies as they become commercial; and
- Promoting efficient operation of the NZ electricity industry, for example by delivering an efficient and effective system operator service and by developing and implementing improvements in the market.

## Guiding Principles for Engagement

- We will be professional and respectful in our dealings with one another at all times.
- We will avoid surprising one another by being open in our dealings, including in regard to communications with external stakeholders, by basing our discussions on facts and providing relevant information to one another promptly.
- Where tensions arise in the relationship, we will use these principles to ensure our behaviours do not deteriorate.
- We will improve our understanding of one-another's expertise and capability and allocate work to the party best able to carry it out successfully, avoiding duplication where possible.
- We will look for win-win outcomes in work that involves us both.
- We will operate in an environment of mutual trust and act in good faith.