

From: [Tim Sparks](#)
To: [Gail Kettle](#); [Julia Paterson](#); [Katie Wyllie](#)
Subject: FW: TPM: TCC decision
Date: Tuesday, 2 March 2021 2:37:11 pm
Attachments: [image001.jpg](#)
[image002.png](#)
[image003.png](#)
[image004.jpg](#)

FYI – stakeholder correspondence

From: Rob Bernau <Rob.Bernau@ea.govt.nz>
Sent: Tuesday, 2 March 2021 2:28 PM
To: Eyes, Alan <Alan.Eyes@bluescopesteel.com>
Cc: Tim Sparks <Tim.Sparks@ea.govt.nz>; David Knight <David.Knight@transpower.co.nz>; Rebecca Osborne <Rebecca.Osborne@transpower.co.nz>
Subject: RE: TPM: TCC decision [EIAut-ELCOMM.FID43111]

Tena koe Alan

I'm sending you this email in response to your email exchange with Rebecca Osborne below.

The matter you raise is tightly linked to the TPM reform process, which the Authority is responsible for. As you know, the Authority is proposing significant reform to the TPM, as set out in the 2020 TPM Guidelines. Transpower is now developing a proposed new TPM.

We are currently aiming for any new TPM decided by the Authority to come into effect on 1 April 2023. There are still however a number of steps remaining in the process, including consultation on the full proposed TPM by the Authority later in the year, and a final decision by the Authority Board. We have an open mind about what feedback we will receive in consultation, and how that will impact any final decision by the Authority Board. We also note that there is an outstanding judicial review challenge, which New Zealand Steel is a party to.

At this point in time, and certainly until any new TPM is enacted in the Code, we therefore consider that it would be prudent for Transpower to continue to calculate and publish RCPD measurements beyond 31 August 2021.

We appreciate that the process for transition to any new TPM brings some level of uncertainty. The Authority is committed to reducing that uncertainty as soon as possible, while acknowledging the need to run a robust and appropriate consultation and decision process.

Nga mihi

Rob Bernau
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From: Eyes, Alan <Alan.Eyes@bluescopesteel.com>

Sent: Monday, 22 February 2021 10:06 AM

To: Rebecca Osborne <Rebecca.Osborne@transpower.co.nz>; Rob Bernau <Rob.Bernau@ea.govt.nz>

Cc: Vanessa Head <Vanessa.Head@transpower.co.nz>; Tim Sparks <Tim.Sparks@ea.govt.nz>; David Knight <David.Knight@transpower.co.nz>; TPM <TPM@transpower.co.nz>

Subject: RE: TPM: Our TCC decision

Thanks Rebecca for your prompt reply noting you have sent this to Rob at the Electricity Authority.

As I noted in my email, our communication was not intended to renegotiate a TPM methodology component. Your email of 12 February informed NZ Steel that from Transpower's perspective things had moved on from that stage.

I have included Vanessa as our Relationship Manager, because this is now a commercial / contractual matter between NZ Steel and Transpower.

We are now only six months out from a reset of the major component of the Transpower charges to supply side customers. The fact Transpower seems unable (or unwilling) to tell NZ Steel as a customer what charges from 1 September will even be based on is very concerning.

You note your intention to publish our emails on the Transpower website. While personally I may be pleased to have this matter publicly aired, I reiterate we have now moved past the methodological theories. My questions now relate to the real world operational and contractual issues that are critical to the success or otherwise of businesses like NZ Steel. The base of my question and the planned maintenance work involves Alinta Energy and other third parties we contract. There are likely commercial sensitivities around timing and other matters.

While I am confident Rob and his team will give due thought to our emails, as already outlined, our contract for grid services is with Transpower and we look to Transpower for an early response.

Thanks

Alan

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From: Rebecca Osborne <Rebecca.Osborne@transpower.co.nz>

Sent: Friday, 19 February 2021 1:29 PM

To: Rob Bernau <Rob.Bernau@ea.govt.nz>; Eyes, Alan <Alan.Eyes@bluescopesteel.com>

Cc: Vanessa Head <Vanessa.Head@transpower.co.nz>; Tim Sparks - Electricity Authority (tim.sparks@ea.govt.nz) <tim.sparks@ea.govt.nz>; David Knight <David.Knight@transpower.co.nz>; TPM <TPM@transpower.co.nz>

Subject: FW: TPM: Our TCC decision

Hi Alan and Rob

Alan, thank you for your email below regarding the implications of Transpower conclusion it will not include a transitional congestion charge in our new TPM proposal required to be submitted to the Electricity Authority by 30 June 2020. Your questions relate to the end of the RCPD price signal in the context of NZ Steel / Alinta planning towards plant outages in coming years.

Because the timeline for the new TPM taking effect is a matter for the Electricity Authority to decide under Part 12 of the Code I am forwarding this question to Rob Bernau at the Authority.

We will publish this question (email below) and our response (this email) on our webpage as is our practice for questions we receive in relation to TPM development.

Nga mihi

REBECCA OSBORNE

Head of Grid Pricing Strategy

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From: Eyes, Alan <Alan.Eyes@bluescopesteel.com>

Sent: Friday, 19 February 2021 10:38 AM

To: Rebecca Osborne <Rebecca.Osborne@transpower.co.nz>; Vanessa Head <Vanessa.Head@transpower.co.nz>

Subject: FW: TPM: Our TCC decision

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Hi Rebecca and Vanessa

We are responding to the Transpower decision not to include a TCC in the TPM proposal to the Electricity Authority.

NZ Steel does not consider this decision to be in the best interests of consumers or New Zealand. However, this email is not to relitigate the matter, but to seek clarification as we plan plant maintenance work and coordinate with Alinta Energy regarding cogeneration at our Glenbrook site.

Please confirm our understanding is correct:

1. RCPD measurement will cease at midnight 31 August 2021.
2. Transmission charges for the 1 Sept 2020 to 31 August 2021 measurement period will be applied as an interconnection charge from April 2022 to March 2023 as per the current TPM.
3. From 1 September 2021 there will be no Transmission charges based on real-time demand ie whatever the Glenbrook gross or net demand, it will not impact Transpower charges to NZ Steel or Alinta other than through the anytime gross charge proposed in the new TPM to allocate the Residual, and only then if a rolling average is adopted to the historic average anytime gross demand which the Electricity Authority has already set.
4. On whatever basis Transpower plans to recover revenue from April 2023 to March 2024 it will not involve demand measurement after midnight 31 August 2021.

Plant maintenance shuts are, currently, being planned for September/October 2021 which involves the Alinta kilns cogeneration plant.

As you are aware we have been managing load carefully during upper North Island peak periods consistent with the pricing signals contained in the current TPM hence we would previously not have planned shuts during the May to September period.

In an extreme situation a change in our shut management processes could see a short-term additional 150MW of net demand.

It is important we have an early response to confirm our understandings outlined above.

Thanks

Alan

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From: TPM <TPM@transpower.co.nz>
Sent: Friday, 12 February 2021 4:38 PM
To: Eyes, Alan <Alan.Eyes@bluescopesteel.com>
Subject: TPM: Our TCC decision

Dear Alan,

I am writing to let you know that after careful consideration of the views and ideas put forward in submissions and during the Transitional Congestion Charge (TCC) workshops we held last October, and a high-level assessment of grid congestion risk, we have decided not to include a TCC in our TPM proposal to the Electricity Authority.

Through our checkpoint process with the Electricity Authority, we gained greater clarity of their

interpretation of the Guidelines related to the purpose of a TCC. As a result, we completed a qualitative risk assessment, and have been unable to reasonably conclude we can propose a TCC at this time.

We reached this conclusion because we consider the existing tools and mechanisms available to Transpower, as both grid owner and system operator, are adequate to mitigate short-term supply and congestion risks.

However, the Guidelines do allow us to develop and propose a TCC later - when it can be informed by better information about any congestion risk it needs to address.

The workshops were invaluable in helping us consider all perspectives and test our assumptions against the Guidelines. Thank you for making yourself available at such short notice. We are sincerely grateful for your time and effort in providing thought-provoking and insightful feedback.

We have published [Checkpoint 1 correspondence with the Electricity Authority](#) to our website and will send a [notification](#) out to our TPM newsletter subscribers shortly.

If you have questions about our decision, or would like to talk through anything, please let me know.

Nga mihi

REBECCA OSBORNE

Head of Grid Pricing Strategy

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