

21 January 2021

TPM Group
c/- Clodagh O'Connor McKenna
Senior Consultant
BRG Ltd

by e-mail: ClodaghOM@brg.co.nz

Dear Members of the TPM Group

I am writing to you in relation to your 11 December letter to Transpower's Chief Executive, regarding the implementation by Transpower of the 2020 transmission pricing methodology guidelines. As noted in Transpower's 23 December 2020 response, some of the matters covered in your letter are more appropriately addressed by the Authority.

Your letter expresses concern, amongst other points, about the extent of engagement with stakeholders as Transpower develops a proposed new transmission pricing methodology (TPM). In particular, a concern is raised about the possibility that Transpower might not engage with stakeholders on its proposed TPM in the period after Checkpoint 2 and before the 30 June deadline for submission of the proposed TPM to the Authority. Your letter expresses the view that various risks are not being appropriately mitigated through consultation.

In the Authority's view, these concerns are not warranted.

The Code provides for the Authority to consult on the proposed TPM. This will occur after Transpower has submitted its proposed TPM and the Authority is satisfied that the proposed TPM is ready for consultation. The Authority intends to carry out a substantive and meaningful consultation. Stakeholders will have an opportunity to make submissions on any aspect of the proposed TPM developed by Transpower. The Authority will take submissions into account and make any amendments it considers appropriate in response to matters raised in submissions before making its decision on whether to incorporate the proposed TPM into the Code.

The Authority's intended consultation process will gather valuable information from the broader stakeholder community, which will further help the Authority to avoid the types of perceived risks noted in your letter. For this reason, the Authority does not consider it necessary for Transpower to engage with stakeholders on the full TPM in the period after Checkpoint 2 and before the 30 June deadline, or for the TPM development timeframe to be extended for this purpose.

I also note that Transpower has engaged with its stakeholders throughout the development of its proposed TPM (as noted in its letter of 23 December). I consider that Transpower's engagement with its stakeholders to date has been thoughtful and extensive.

The Authority places a high value on consultation with its stakeholders. I look forward to receiving stakeholders' views on Transpower's proposed TPM when the Authority carries out its planned consultation later this year.



Yours sincerely

A handwritten signature in black ink, appearing to read 'J. Stevenson-Wallace', with a stylized, flowing script.

James Stevenson-Wallace
Chief Executive

Copy to:

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