

13 September 2019

James Stevenson-Wallace
Chief Executive
Electricity Authority
PO Box 10041
Wellington 6143

By email: James.Stevenson-Wallace@ea.govt.nz / TPM@ea.govt.nz

Dear James

Transmission Pricing Review Consultation Paper – Consultation timeframes

1. We refer to the Electricity Authority's consultation paper, 2019 Issues Paper – Transmission pricing review, released on 23 July 2019.
2. We are working to understand the complexities of the Authority's proposal and the data underlying the Authority's analysis, but are concerned that the Authority has not provided a reasonable opportunity for interested parties to consider and make submissions on the proposal.
3. We acknowledge that the Authority has previously consulted on a number of transmission pricing methodology (TPM) proposals. However, the consultation paper emphasises that this is a new proposal and differs in significant ways from the Authority's earlier proposals. The time that it has taken the Authority to develop the proposal highlights the complexity of the proposal, which is of long term importance to the electricity industry in New Zealand and will have direct financial implications for participants.
4. Although the Authority has given until 1 October 2019 for submissions to be made (a period of 10 weeks), the Authority has only just recently held workshops and released technical information relating to the proposal. In particular:
 - (a) A regional workshop for Auckland was held on 22 August, but the three hours allocated for the workshop was not sufficient. We notified the Authority of our concern that three hours would not provide sufficient time by email on 30 July 2019. The Authority did not accept this concern. Our concern was realised. The workshop did not provide an adequate opportunity for Authority staff to introduce the proposals and for participants to discuss the proposal with the Authority. The agenda was not completed

- (b) The Authority did not run a workshop regarding the details of the cost benefit analysis and modelling components of the proposal until earlier this week 10 September 2019 (three weeks before the due date for submissions). The technical information relating to the cost benefit analysis was also not released until over a month after consultation began (28 August 2019), with further modelling information made available on the EMI website in early September. This does not allow sufficient time for interested parties to digest and analyse the information.
5. The Authority has previously expressed its commitment to a thorough consultation process for the TPM review, and stated that it would prepare an engagement process so that affected parties have a good opportunity to understand the Authority's proposal, the Authority's reasons, the impact of the proposal on affected parties and others, and the long-term impact on consumers.¹ We do not consider that the Authority's current process meets the Authority's commitment to a thorough consultation process.
 6. New Zealand Steel is a major industrial customer and will be significantly affected by the Authority's decision, but the Authority's consultation timeframes will inhibit our ability to meaningfully participate in the process. Providing insufficient time for affected parties to meaningfully respond to the complex issues raised in the consultation paper will also limit the Authority's ability to make informed and robust decisions on the proposal.
 7. While we will endeavour to make a submission by the 1 October 2019 deadline, we expect that more time will be required to fully engage on key elements of the proposal.

Yours sincerely

Nga Mihi

A handwritten signature in black ink, appearing to read 'Gretta Stephens', written in a cursive style.

Gretta Stephens
Chief Executive, NZ Steel and Pacific Islands