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Sent via email: appropriations@ea.govt.nz

30 November 2021

2021/22 and 2022/23 Appropriations

Thank you for the opportunity to respond to the Electricity Authority's consultation on its levy-funded appropriations. We support the Authority's appropriations for financial years 21/22 and 22/23. We recognise that the Minister of Energy has approved the increase of \$14.4m for *commercial market making services* through an-out-of-cycle appropriation.¹

While we broadly support the Authority's appropriations and its proposed work programme, we encourage the Authority to increase its engagement with the industry on Electricity Industry Participation Code (the Code) changes. Specific areas we would like the Authority to address in its work programme are:

- **Code change process for participant proposals.** We would like to see the Authority setting out a clear allocation of resources to respond to Code change proposals that are not linked to major projects. We are concerned that the slow speed of some Code changes, while potentially seen as minor, may prevent participants from maximising consumers' long-term benefits. For example, it has now been two years since the last omnibus code change.
- **Regulatory Managers and Consumer Representative meetings** We encourage the Authority to reinstate these two-monthly meetings; while the Covid-19 crises may have initially disrupted their in-person / phone-in occurrence we consider that these meetings can be resumed online. The meetings provided a good forum to discuss issues and raise concerns and allowed participants to know the areas of expertise of Authority staff and their responsibility for specific policy development processes.

¹ [Cabinet paper: Electricity Authority levy increase funding the commercial market making scheme](#)

The regulatory framework for the markets and networks must evolve to avoid being a barrier to New Zealand efficiently transitioning to a low-emissions economy. We consider that the whole industry can proactively assist the Authority in achieving this.

We answer the Authority's questions in the Appendix below.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Joel Cook', with a large, sweeping flourish at the end.

Joel Cook

Head of Regulation

Appendix – response to questions

Question	Transpower NZ Ltd response
<p>1. What kinds of engagement have you or your organisation had with the Authority over the past 12 months?</p>	<p>Other than through the Transmission Pricing Methodology and Real Time Pricing projects that grid owner and system owner respectively we are key parties to, our engagements (as grid-owner) are ad-hoc rather than a structured <i>relationship management</i> approach as we have with the Commerce Commission.</p> <p>As grid owner we have engaged with the Authority to raise potential Code changes.</p> <p>In our role as system operator we continue to maintain a collaborative working relationship with the Authority This is both through our day to day operational activities, as well as through market and powers system analysis, future developments and change activities underway such as through the Real Time Pricing (RTP) project.</p> <p>We encourage the Authority to reinstate the bi-monthly <i>regulatory manager and consumer representatives'</i> meetings. These meetings provided a good forum to discuss issues and raise concerns, and allowed participants to know the areas of expertise of Authority staff and their responsibility for specific policy development processes.</p>
<p>2. Do you support the increase to the Electricity Industry Governance and Market Operations appropriation for 2021/22?</p>	<p>Yes.</p>
<p>3. The Authority is proposing that the operational appropriation for Electricity Industry Governance and Market Operations in 2022/23 is \$94.397 million. Do you support the Authority's proposal for funding of \$94.397 million?</p>	<p>Yes.</p>
<p>4. The Authority is proposing the contingent appropriation for Managing the Security of New Zealand's Electricity Supply renews for another six years. Do you support the Authority's proposal for maintaining this contingent funding at its current level?</p>	<p>Yes.</p>
<p>5. The Authority is proposing the contingent appropriation for the Electricity Litigation Fund for 2021/22 and outyears is \$1.500 million. Do you support the Authority's proposal for this contingent funding?</p>	<p>Yes.</p>

Question	Transpower NZ Ltd response
<p>6. Would you like to provide any other comment on the Authority's proposed 2021/22 or 2022/23 funding?</p>	<p>Yes. We would like the Authority's workplan to set out how it will improve the Code amendment process.</p> <p>We consider the Authority could incrementally improve its code change proposal process by</p> <ul style="list-style-type: none"> (1) ensuring the list of code change proposals from participants is current; the current code change list was last updated in 2019 (2) being transparent about the status of progress of a participant's code change proposal (3) inviting submissions at the problem definition stage of other participants' code change proposals, to understand the level of support or otherwise, for the problem. <p>However, we encourage the Authority to consider more substantial changes that may assist in ensuring the Code keeps up with technological change.</p>