



TRANSPOWER

Keeping the energy flowing

Waikoukou
22 Boulcott Street
PO Box 1021
Wellington 6140
New Zealand
P 64 4 495 7000
F 64 4 495 6968
www.transpower.co.nz

Electricity Authority
Level 7, Harbour Tower
2 Hunter Street
Wellington

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By email wholesaleconsultation@ea.govt.nz

Permanent change to definition of disclosure information

Transpower appreciates the opportunity to respond to the Electricity Authority's (the Authority's) consultation on a permanent change to the definition of disclosure information.

Transpower releases extensive information about our assets and activities to ensure that the New Zealand electricity supply runs efficiently, securely and reliably. As grid owner and system operator we appreciate how our role in the energy system requires a high level of transparency, and throughout our business we have multiple channels for regularly publishing information that could affect the market.

In preparing for the new wholesale market information disclosure quarterly reporting requirement we found that virtually all our disclosure information was already published through existing channels. Due to the nature of our role as grid owner we seek to disclose information wherever possible, so the change to the definition of disclosure information does not materially impact on our information.

Our response to the Authority's questions are provided in Appendix 1.

Yours faithfully,

Joel Cook
Head of Regulation

Appendix 1

| # | Questions | Response |
|---|--|---|
| 1 | Do you agree if the original drafting (will impact prices) were left to stand this could negatively impact outcomes for consumers? | Yes. In some instances, it is complex to predict with certainty how information may or may not affect wholesale prices. 'Likely to' is an easier threshold to interpret than 'will', and therefore participants are more likely to interpret the clause correctly and comply fully. |
| 2 | Regarding the three 'policy states' described above, have you noticed a change in participants' disclosure behaviour between any of these times? | No comment. |
| 3 | Regarding the three 'policy states' described above, has your organisation changed its disclosure behaviour between any of these times? | Much of the 'disclosure information' relating to Transpower is already routinely published for different (and sometimes overlapping) reasons. Therefore, the change in definition of 'disclosure information' will not change our disclosure behaviour. |
| 4 | Do you agree with the objectives of the proposed amendment? If not, why not? | Yes. |
| 5 | Do you agree with the wording of the proposed amendment? If not, why not? | Yes. |
| 6 | Do you agree the benefits of the proposed amendment outweigh its costs? | Yes. |
| 7 | Are there any alternative options that could achieve the objectives? | None that we have considered. |
| 8 | Do you agree the proposed amendment is preferable to the other options? If you disagree, please explain your preferred option in terms consistent with the Authority's | Yes. We agree that changing the wording to 'may' would set the bar too low and may make it more difficult for participants to comply. |

| # | Questions | Response |
|----|---|---|
| | statutory objective in section 15 of the Electricity Industry Act 2010. | <p>As the grid owner we have significant amounts of information that is of interest to a wide range of participants. The existing disclosure requirements, and quarterly reporting requirements especially, already capture a significant amount of information that is released through multiple channels. Lowering the bar even further to any information that 'may' affect prices would widen the net of information we need to consider even further. The amount of information included could become unwieldy and the value of the reporting watered down as it becomes less clear what information is significant.</p> <p>We also agree that specific provisions are best illustrated in guidelines, rather than being codified. An additional reason for this (not mentioned in the paper) is that code changes take a significant amount of time and resourcing. The more specific and detailed provisions are, the more likely there are to become outdated and no longer fit for purpose, and the more difficult they are to change in a timely manner. Re-issue guidelines to provide clarifications and updates is comparatively a more agile process.</p> |
| 9 | Do you agree the Authority's proposed amendment complies with section 32(1) of the Act? | <p>Yes.</p> <p>We agree the amendment is compliant with section 32(1) of the Act, and aligns with the purpose of the Act.</p> |
| 10 | Do you have any comments on the drafting of the proposed amendment? | No further comments |