

Proposal to amend the Electricity Industry Participation Code 2010

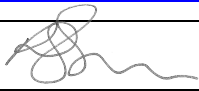
Send to info@ea.govt.nz or fax to 04 4608879

This form is to propose:

- x An amendment to an existing clause in the Electricity Industry Participation Code 2010; or
- x A new clause in the Electricity Industry Participation Code 2010.

Please complete as many sections of this form as possible and email or fax it to the above number/email address. The more information you include in your proposal, the faster your proposal will be able to be assessed/progressed.

Proposer's details

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Signature:	
Date:	5 May 2023

The proposal / preferred option

Suggested proposal name (please keep it short)	Information about simple method allocators
State the objective of your proposal.	To further amend the transmission pricing methodology approved by the Authority on 11 April 2022 (TPM) to ensure the most pertinent information about the simple method allocators is published and to allow flexibility as to where the information is published.
Does the proposal relate to an existing Code clause? If yes, please state the full clause reference.	Yes, clause 61 and subclauses 62(2) and 64(1). Also new clause 64A. See the amended TPM accompanying this form.

<p>Describe the specific amendment(s) that you propose be made to the Code <i>OR</i> attach a draft of the proposed Code amendment (optional). Note the Code drafting manual provides guidance on drafting.</p>	<p>The starting BBC allocations for low-value post-2019 BBIs are calculated under the simple method in the TPM. The simple method involves calculating largely fixed allocations at the start of each simple method period (usually five years) which apply to all low-value post-2019 BBIs commissioned during the simple method period. Transpower must calculate or re-calculate the allocations if certain BBC adjustment events occur during the simple method period, which will then apply to low-value post-2019 BBIs commissioned later in the simple method period.</p> <p>The TPM currently requires Transpower to publish the inputs to the allocations (modelled regions, regional NPB, simple method factors and any new or re-calculated simple method factors) but not the BBC allocations themselves. Feedback we have received from customers is that they are mostly interested in the allocations themselves, with the publication of all inputs confusing the process at times.</p> <p>In response to this feedback, we propose changing the TPM by:</p> <ul style="list-style-type: none"> • consolidating the simple method allocator publication provisions in new clause 64A rather than having them dispersed across clauses 61, 62 and 64 (and making consequential changes to those clauses); • replacing the requirements to publish the simple method factors and any changes to them during the simple method period with requirements to publish the BBC allocations themselves and any changes to them during the simple method period (clause 64A). This is on the basis customers are more likely to be interested in their allocations than their simple method factors, which are merely an input to the allocations; and • removing the requirements to publish the simple method allocation information in the assumptions book specifically. This will provide flexibility for Transpower to publish the information in a form and location most likely to be useful for customers (which may be the assumptions book, and is currently the assumptions book). <p>Regarding the second point, customers will still be informed of their simple method factors. Full information about the inputs to the starting BBC allocations calculated at the start of each simple method period will be made available to customers through the consultation required under subclause 15(2). Those consultation papers, and the corresponding decision papers, will likely continue to be publicly available for a considerable period after the allocations are published.</p> <p>Proposed clause 64A requires Transpower to publish the simple method factors and customer allocations before the start of each simple method period. We also intend to engage individually with affected customers if there are changes to their simple method factors and allocations during a simple method period.</p>
<p>Identify how your proposal would support the Authority's objective, as set out in section 15 of the Electricity Industry Act 2010 (Act)ⁱ, specifically addressing the competition, reliability and efficiency dimensions of the objective.</p>	<p>The proposed amendments will ensure customers have access to the simple method information most relevant to them in a straightforward and understandable way, and otherwise leave Transpower discretion as to what is published and how, allowing us to reduce cost and unnecessary administrative effort. This will support the efficiency limb of the Authority's statutory objective.</p>

Which of the purposes listed in section 32(1) of the Act does your proposal most closely relate to?	32(1)(c): Efficient operation of the electricity industry 32(1)(e): Other matter specifically referred to in the Act as a matter for inclusion in the Code (section 32(2)(b): “pricing methodologies...for Transpower”)
Identify whether you consider your proposed change to be urgent, providing supporting rationale.	Not urgent
Please set out the expected costs and benefits of your proposal. These should include your assessment of the direct cost to develop and implement the proposed Code amendment, and the consequential costs and benefits as a result of the amendments, to all affected parties.	No material costs. Potentially material benefits by increasing the usefulness of published information about the simple method allocators.
Who is likely to be substantially affected by this proposal?	No stakeholders are likely to be substantially affected by the proposed amendments.
Identify whether you consider (providing supporting rationale): (i) your proposed change to be technical and non-controversial; or (ii) there is widespread support for your proposed change among the people likely to be affected; or (iii) there has been adequate prior consultation so that all relevant views have been considered.	We consider the proposed amendments to be technical and non-controversial. The proposed amendments will ensure customers have access to the simple method information most relevant to them in a straightforward and understandable way, while not changing the simple method substantively.
Why this is your proposed option?	The only other option is not to make the proposed amendments.
Any other relevant information you would like the Authority to consider.	The TPM is a complicated document and was drafted in a short amount of time. It was anticipated that some early changes to the drafting may be required. The Electricity Industry Participation Code Amendment (Transmission Pricing Methodology Related Amendments) 2022 was made with this in mind. Clause 12.94A(a) of the Code allows the Authority to make technical and non-controversial changes to the TPM outside the normal TPM review and amendment process.

Assessment of alternative options

Please list and describe any alternative means of achieving the objective you have described for your proposal. For each alternative, please provide the information in the table below (i.e. repeat this table below for each alternative). The list of alternatives should include both regulatory (i.e. Code amendments) and non-regulatory options (e.g. education, information, voluntary

compliance). If you have a preferred option please identify it and explain why it is your preferred option.

Brief description of an alternative means of achieving the objective. Note if this is your preferred option.	The only other option is not to make the proposed amendment.
The extent to which the objective of your proposal would be promoted or achieved by this option.	This option would not achieve the objective of the proposal.
Who is likely to be substantially affected by this option?	No stakeholders are likely to be substantially affected by this option.
The expected costs and benefits of this option, including direct costs to develop it, and consequential costs and benefits to all affected parties.	No material costs or benefits other than the costs of not realising the benefits noted above.

ⁱ Section 15: Objective of Authority

The objective of the Authority is to promote competition in, reliable supply by, and the efficient operation of, the electricity industry for the long-term benefit of consumers.