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COMMENTS IN REACTION TO THE CONSULTATION PAPER TO CORRECT ISSUES IN THE NEW TPM

Calderwood Advisory thanks the Electricity Authority (**Authority**) for the opportunity to comment on the consultation paper regarding amendments to the TPM.

In this submission I only wish to make comments on **Issue 7: Publication of simple method allocators**.

I understand and agree that the final allocators are what customers are most interested in.

However, it is important, that new entrants, who may not be customers, can assess the application of the simple method, (and other BBI) allocators that may be applied to any new investments. This is particularly relevant to new renewable generation.

I have been asked to advise clients in relation to the allocation of BBI charges as a result of new renewable generation investments. By being able to provide the best possible advice in relation to all costs in relation to a new investment including the allocation of BBI charges must be economically efficient.

In order to do this updated information should be available to enable assessment of the adjustment events under the TPM in relation to new injection or offtake.

To do end this I recommend that all inputs needed to calculate adjustment events are published, not just the final allocators. In relation to the simple method the most important variable that may change during a simple method period is the IRA. I recommend that at a minimum that any changes to IRAs are published, but ideally any changes to any other inputs that affect final allocators. Transpower has recently published updated simple method IRAs for the current pricing year which is sufficient and has also published updated Appendix A allocators with the 'E' factor which is also useful. Transpower should be required to update this sort of information over time.

I disagree that the amendment is technical and non-controversial in regards to s39(3)(a). I recommend the alternative approach to publish changes to the inputs to provide valuable information. The overhead to Transpower to provide this information is minimal, and will promote efficiency.

In summary I prefer the alternative approach to publish both the changes to the simple method inputs as well as the changes to allocations.

I have included below a recommended mark-up to the proposed new clause 64A and also a recommend a new clause 67A to require publication of intra-regional allocators.

64A Publication of Simple Method Information

Transpower must—

- (a) **publish the modelled regions, regional NPB** for each **modelled region** and starting **BBI customer allocations** for the first **simple method period** before the start of the **first pricing year**; and
- (b) **publish the modelled regions, regional NPB** for each **modelled region** and starting **BBI customer allocations** for each subsequent **simple method period** before the start of the subsequent **simple method period**; and
- (c) if **Transpower** calculates or recalculates the **simple method factors, individual NPBs** and starting **BBI customer allocations** for a **simple method period** under paragraph 61(6)(a), **publish the new or re-calculated starting simple method factors, individual NPBs and BBI customer allocations.**

67A Publication of Intra-Regional Allocators

Transpower must—

- (a) **publish the intra-regional allocators** for each **regional customer group** before the start of the **first pricing year**; and
- (b) **publish the intra-regional allocators** for each **regional customer group** and for each subsequent **simple method period** before the start of the subsequent **simple method period**; and
- (c) if **Transpower** calculates or recalculates any **intra-regional allocators** for any **BBI** publish the new or re-calculated starting **intra-regional allocators.**

If you have any questions regarding this submission, you can contact me on 021 953 104.

Yours sincerely



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