

Annual levy-funded appropriation consultation

User: Joel Cook

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Summary of information submitted

First name

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Last name

Cook

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[REDACTED]

Organisation

Transpower

Position

Head of Regulation

1. Do you support the Authority's proposal for a permanent baseline increase to its Electricity Industry Governance and Market Operations appropriation of \$14.2 million for 2024/25, bringing the total appropriation to \$115.0 million?

Yes

2. Do you support the Authority's proposal for maintaining the contingent appropriation for Managing the Security of New Zealand's Electricity Supply at its current level of \$6.0 million over five years?

Yes

3. Do you support the Authority's proposal for maintaining the contingent appropriation for the Electricity Litigation Fund for 2024/25 and outyears at \$1.5 million?

Yes

4. If you have any comments on the Authority's proposed funding (questions 1-3), please add those here

We support the Authority's recommended Option 2.

Ensuring that the regulatory framework supports security of supply and is not a barrier to electrification is critical. The electricity market and system are getting more complex. The Electricity Industry Participation Code has several areas that have not been reviewed since its introduction.

An unresponsive regulatory framework can quickly lead to higher costs and less favourable outcomes for consumers.

As reported by the Market Development Advisory Group (MDAG), the future is happening faster than expected and it is imperative that we prepare now for the transformative role electricity will play in our economy and day to day lives.

5. If you have any comments on the Authority's vision and intended outcomes, please add those here

We support the Authority's outcomes; however the proposed vision's wording is not clearly linked to these outcomes. We consider that the Authority's current vision "Our vision is to be a world-class electricity regulator, delivering long-term benefits for consumers and contributing to the New Zealand economy" is more appropriate than its proposed alternative. Providing consumers choices to access energy does not, in an of itself, necessarily deliver them long-term benefits.

We also note that "a diverse range of renewable electricity solutions (generation and storage) are integrated into the power system" does not appear to sit within the sustainable outcome. An outcome of a "very high proportion of renewable electricity solutions" (or something like this) may sit better sustainability outcome.

6. If you have any comments on the Authority's indicative work programme for 2024/25, please add those here

We are pleased that the Authority has reinstated its industry and consumer meetings. We believe this provides an improved way for stakeholders to make contributions to the indicative work programme, such as the code changes.

We note that the Authority's 24/25 work programme does not refer to any activities in relation to the Grid. The Benchmark agreement, Core Grid definition, and Grid Reliability Standards are all relatively untouched since they were initially set, for example (aside from urgent changes to accommodate the new TPM) the Benchmark agreement is unchanged since 2008. We consider that the Benchmark agreement should be on the Authority's short-medium term work programme. Other specific Grid related elements in the Code do not need immediate review, however as we transition to greater electrification reviewing these settings will need to be considered.

We appreciate the Authority's reintroduction of the omnibus to support progress on more targeted, technical, and incremental Code amendment proposals. We consider a lot more work needs to be done in this area and Transpower, particularly the grid owner, has several outstanding Code amendment proposals that have stalled. As we have previously suggested, we encourage the Authority to consider setting up an industry and consumer forum to support the assessment of Code proposals and provide recommendations to the Authority.

We also reiterate our previous submission points the importance of having a consultation process that is systematic and transparent to stakeholders. We consider the Authority could improve the transparency of the process by publishing the Code requests received, who requested them, a brief description of why the amendment has been submitted, and when they were received.

Written submission and/or supporting documentation

The Authority intends to publish all submissions. Are you happy for the Authority to publish your submission?

Yes
