



3 June 2016

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Dear Carl,

## TPM AND DGPPS: REQUEST FOR EXTENSION OF TIME TO SUBMISSION PERIOD

1. At the time of writing, it has been over two weeks since the Authority released for consultation its issues paper and proposals for changes to the transmission pricing methodology (TPM) guidelines (*TPM Paper*) and its proposals to address alleged inefficiencies in the distributed generation pricing principles (*DG Paper*) (together, the *Consultation papers*).
2. The due date for submissions on the Consultation papers is 26 July 2016 – just over seven weeks away. Trustpower is engaging fully in the consultation process, as it has consistently in relation to Authority consultation on a wide range of issues and proposals for TPM reform over the past six years. Trustpower intends to submit a response to both Consultation papers in due course.
3. The purpose of this letter is to seek a formal extension to the Authority's consultation timeframe. We seek (at least) a further six weeks in order to fully unpick and respond in a substantive way to the Authority's current version of the TPM issues and proposals, as well as its proposed wholesale removal of the longstanding distributed generation pricing and payments regime.
4. There are several reasons for this request. A key reason is that the proposals put forward in the TPM paper have changed substantially from the proposals in all previous rounds of consultation on the TPM and the proposal in the DG Paper is a first and final proposal.
5. Trustpower remains concerned that these proposals were all developed without the benefit of an advisory group, despite the fact that use of advisory groups is one of the main methods of consultation suggested by the Electricity Industry Act 2010.
6. This means in effect that the industry will need to convene its own working groups to fully understand the Authority's proposals and impacts. We see the advisory/working group forum as being an entirely different process from the Authority's upcoming workshops, because advisory groups provide a better opportunity to understand the interests and perspectives (including areas of common ground as well as difference) of other stakeholders. This has a value to participants (and

indeed we would argue the Authority) which is far greater than simply the degree of consensus – which seems to be the Authority's success measure for convening an advisory group.

7. We also note the Authority has recently released new information in relation to the cost benefit analysis and is providing further clarification of its views at various workshops. This additional information all needs to be digested and assimilated.
8. Trustpower is a large, well-resourced organisation, and yet even we know already we will not be able to respond to the Authority on both Consultation papers in a considered and meaningful way in the ten-week timeframe allowed. While ten weeks may have been reasoned a sufficient duration for us to respond to a single paper of this scale of importance, the contemporaneous consultation on both Consultation papers is particularly problematic and demands a longer timeframe.
9. The issues raised in the Authority's Consultation papers are of critical importance to Trustpower. The decisions ultimately made by the Authority have the potential to shape the electricity transmission, distribution, generation (grid-connected and distributed) sectors, and demand response, well into the future.
10. The Authority's final decisions on the issues raised in the Consultation papers will be strengthened by quality input from a wide range of stakeholders including Trustpower.
11. It is therefore of concern that this consultation occurs at a time when we are also engaged in developing submissions on:
  - a) significant and wide-reaching reform of the regulation of the access frameworks which apply to fixed-line telecommunications services;
  - b) a new strategic direction of the Electricity and Gas Complaints Commission (which has the potential to impact all aspects of our multiproduct retail business); and
  - c) the Commerce Commission's proposed changes to the input methodologies which apply to the regulation of lines companies. These changes have the potential to impact our costs to serve, the value of our many existing investments which provide network-support services, and the business risks associated with investment in emerging technologies.
12. Other stakeholders, especially Transpower and the lines companies, have similar issues. This suggests an increase to the time for industry consultation is in order.
13. Trustpower notes that increasing the time for industry consultation will provide the following benefits to the Authority:
  - a) informed decision-making;
  - b) better issues management;
  - c) improved communications and relationships with industry;
  - d) quality regulatory outcomes;
  - e) reduced implementation risk; and
  - f) improved compliance.
14. Trustpower is dedicating considerable internal and external resource to its analysis and response to the Consultation papers, in recognition of the potentially critical pricing, regulatory and industry changes they propose.
15. However there is material prejudice to Trustpower (and others) from the Authority failing to allow for an appropriate submissions period. In particular, it will constrain our ability to understand the Authority's response to the submissions made by industry participants on the October 2012 Issues paper and working papers.

16. It will also affect our ability to subject the Authority's cost benefit analysis in the Consultation papers to appropriate scrutiny. It will restrict our ability to engage appropriate experts, as well as our ability to engage with Transpower and the ten distribution companies whose networks our generation stations are connected to, in order to understand the full implications of the Authority's proposals.
17. Overall, the current timeframe will obstruct and reduce meaningful engagement on the many important issues raised. We know other industry participants, including members of the Independent Electricity Generators Association, share these concerns and regard a longer period for industry engagement as an essential step for taking the Authority's proposals forward.
18. Trustpower believes it is relevant that the Authority has had
  - a) 40 months since it issued its last TPM issues paper, and 35 months since it received submissions on that paper, to prepare the second TPM issues paper; and
  - b) 30 months since it released TPM Avoided Cost of Transmission (ACOT) payments for Distributed Generation working paper, and 27 months since it received submission on that working paper, to prepare the DG paper.
19. It is also relevant that the Authority's process is not urgent, and not aligned to a statutory deadline. There is no good reason for decisions to be rushed in this context. Trustpower firmly believes that significant changes to the established and certain regulatory regime must be subject to proper and considered scrutiny and we think it is incumbent on the Authority (as the party proposing the far-reaching changes) to allow for that level of industry engagement and scrutiny to occur.
20. In this context, ten weeks is an unreasonably short timeframe.
21. Trustpower has engaged on the Authority's various proposals since the Authority's establishment, and we want to engage again.
22. We believe that by allowing for (at least) an additional six weeks of consultation, the Authority will receive a considerably more improved and superior level of response and analysis and engagement on its Consultation papers.
23. Given the potential negative impact of the Authority's proposals (whichever way the issues are ultimately determined) we therefore urge you to extend the period of consultation from ten weeks to a minimum of 16 weeks.
24. We look forward to your early response.

Regards,

A handwritten signature in black ink, appearing to read "Peter Calderwood". The signature is written in a cursive, flowing style.

**PETER CALDERWOOD**  
**GENERAL MANAGER STRATEGY AND GROWTH**