



Office of Hon Judith Collins

MP for Papakura
Minister of Revenue
Minister of Energy and Resources
Minister for Ethnic Communities

Dr Brent Layton
Chair
Electricity Authority
Level 7, ASB Bank Tower
2 Hunter Street
Wellington

21 MAR 2017

Dear Brent

I am writing to set out my expectations about the Electricity Authority's review of Transmission Pricing, following our recent meeting in March 2017.

It is my understanding that you are working closely with Transpower to develop a workable methodology and I commend you for this approach. I am aware, however, of the concerns expressed by many stakeholders over the practicality of the proposal and its durability. Transpower itself has expressed to me concerns over its ability to develop and implement a TPM proposal that complies with the proposed guidelines and fits within the allotted timeframe and at a practical cost. I further understand Transpower remains concerned over the proposed TPM's complexity and would prefer guidelines that are more flexible and less prescriptive.

Equally I am aware that some parties have reservations over the underlying basis of the policy and its assumptions, while others are fully supportive. I am also mindful of your advice to me that any change will upset vested interests and that your proposal will improve overall efficiency in the electricity market.

I am therefore seeking your assurance that the Authority will take into account the wide range of views expressed on the issue and, above all, will address the practicality of the proposal and consider the wider implications it has on stakeholders.

In summary, the Government desires a solution that is durable and will deliver an efficient outcome for the economy.

Yours sincerely

Hon Judith Collins
Minister of Energy and Resources