

2 December 2021

Rob Bernau
Director Network Pricing
Electricity Authority
PO Box 1021
Wellington 6140.

By email to TPM@ea.govt.nz

Re: Proposed Transmission Pricing Methodology

Dear Rob,

Thank you for the opportunity to provide feedback on incorporating the proposed Transmission Pricing Methodology (TPM) into the Electricity Industry Participation Code. While ENA represents views of all EDBs, some of our members will choose to make their own submissions. This submission is not confidential.

ENA acknowledges the efforts of both the Electricity Authority (Authority) and Transpower in the development of the proposed TPM. However, the time has come for industry to have certainty over the structure of transmission prices for 2023 and beyond. The Authority should therefore move quickly to incorporate the proposed TPM into the Code to ensure its commencement on 1 April 2023 subject to the resolution of individual members' concerns.

Aside from urging a swift conclusion ENA would like to make comment on one specific aspect of the proposed TPM.

While ENA supports the inclusion of a transitional cap on transmission charges, the use of 2019 as the base year for the cap combined with the volatility of the existing regional coincident peak demand charge will result in households facing bill increases of upwards of \$160 per annum (7.8%)¹ without reaching the cap.

The Authority should therefore consider modifying the cap to use the estimated household bill for the most recent pricing year, rather than the arbitrary use of the 2019 household bill

¹ Electricity Authority, Proposed Transmission Pricing Methodology Consultation paper, 2021, p103

as the comparator for cap application. This would ensure that the cap considers the actual impact on household bills of the transition to the new TPM.

Please don't hesitate to get in touch with ENA if you'd like to discuss our submission. If you require anything further from ENA contact Keith Hutchinson (keith@electricity.org.nz, 021 0849 9419) in the first instance.

Yours sincerely,



Keith Hutchinson
Regulatory Manager
Electricity Networks Association