

# TRANSPower IPP 2020 – ISSUES PAPER

VECTOR CROSS-SUBMISSION



## Transpower IPP 2020 – Issues Paper

- This is Vector's cross-submission to the Commerce Commission's (Commission) issues paper for Transpower's individual price-quality path (IPP) for the next regulatory control period.
- No part of this submission is confidential and Vector is happy for it to be publicly released.
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# CROSS-SUBMISSION ISSUES

- EDBs have responsibility for ensuring quality on local distribution networks.
- Managing technology change at the local network must firstly align with EDB network development strategies. We share Wellington Electricity's (WELL) concern about Transpower overreaching with consequential impacts on EDBs ability to manage their network.
- WELL's submission also expressed concern with Transpower's approach to a potential asset removal. Vector shares these concerns.
- We have had challenges with Transpower considering collaborative strategies for ensuring asset removal and sharing the impacts of such disruptive changes.
- This is especially relevant for Auckland where Transpower is proposing to remove a number of 110kV lines over the coming years which will reduce supply diversity for the region.
- We also note the Electricity Price Review highlighted Transpower consistently achieving greater returns on investment (ROI) than its regulated weighted average cost of capital. In recent years this outperformance has increased. This is at odds with EDBs subject to Part 4 price-quality regulation which have consistently under-performed against the regulated WACC benchmark.
- We also note there is no transparency on Transpower's quality regime for instances where it does not comply with its quality parameters. This creates significant uncertainty for the whole sector.