

16 November 2023

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Dear Anne

## **Transpower IPP 2025 – Process, Decision-making framework, and Approach**

1. This is a submission from the Major Electricity Users' Group (MEUG) on the Commerce Commission's (Commission) consultation paper "*Transpower's individual price-quality path for 2025 to 2030: Our process, decision-making framework, and approach for setting expenditure allowances, quality standards and the price path*"<sup>1</sup> published for consultation on 9 October 2023.
2. MEUG members have been consulted on the approach to this submission. Members may lodge separate submissions. This submission does not contain any confidential information and can be published on the Commission's website unaltered.

### **Welcome approach to IPP 2025**

3. MEUG appreciates the Commission releasing its proposed timeframe and approach for setting Transpower's Individual Price-Quality Path (IPP) for 2025 to 2030 (RCP4). Knowing the likely consultation periods and topics to be covered enables MEUG to identify the areas where we can provide useful insight and comments, and ensure resourcing is dedicated to participating in key steps of the IPP process.
4. The indicative dates signalled in Table 1<sup>2</sup> seem reasonable, with MEUG only having minor suggestions on the process steps:
  - We encourage the Commission to consider the timeframe allocated to the cross-submission process. As we have previously noted,<sup>3</sup> there are often many submissions for stakeholders to review and new points that may warrant further

<sup>1</sup> [https://comcom.govt.nz/\\_data/assets/pdf\\_file/0024/330693/RCP4-Process-framework-and-approach-paper-9-October-2023.pdf](https://comcom.govt.nz/_data/assets/pdf_file/0024/330693/RCP4-Process-framework-and-approach-paper-9-October-2023.pdf)

<sup>2</sup> Page 9, Commission's IPP 2025 consultation paper.

<sup>3</sup> See *Cross-submission on Draft Decisions: Input Methodologies Review 2023*, MEUG submission to the Commerce Commission, 9 August 2023, <http://www.meug.co.nz/node/1310>

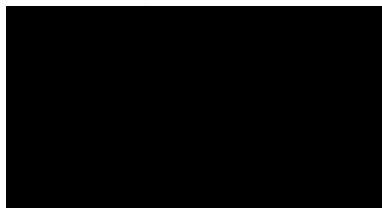
consideration. The cross-submission process should provide stakeholders an opportunity to enrich the debate and test assumptions before a final decision.

- We recommend that the Commission consider the use of workshops during the Issues Paper and Draft Determination consultation phases. This can be an effective way to gather input from stakeholders, in addition to written submissions, and discuss any points where there is a diverse range of views.
5. The process the Commission intends to follow appears aligned with the approach taken for prior regulatory resets. We support a similar approach regarding process, while still ensuring that this IPP reset addresses the key issues and priority areas facing Transpower in the coming five-year period.<sup>4</sup> It is also helpful that the Commission is reflecting on the positive progress that Transpower has made over the current regulatory period (RCP3) and how this will feed into the approach for RCP4.

### **Managing the price impact on consumers**

6. With a considerable uplift forecast for both Transpower's capital and operating expenditure for 2025 – 2030,<sup>5</sup> there will understandably be an increased focus on the impact on consumers. MEUG makes the following observations:
- Given the likely uplift in allowable revenue and prices, we support the smoothing of revenue within a regulatory control period, as well as smoothing across regulatory periods.<sup>6</sup> Any considerable price shocks should be avoided where possible.
  - As the paper acknowledges,<sup>7</sup> this will be the first regulatory period where all pricing is set by the new TPM. We support any actions taken by Transpower and the Commission to demonstrate how the price impacts will be felt across the different electricity distribution businesses' (EDBs) networks and the directly connected parties to the transmission network.
7. We look forward to engaging with the Commission and Transpower throughout this process. If you have any questions regarding our submission, please contact MEUG on [REDACTED] or via email at [REDACTED].

Yours sincerely



**Karen Boyes**  
Major Electricity Users' Group

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<sup>4</sup> As set out in sections 4.8 – 4.11 in the Commission's IPP 2025 consultation paper.

<sup>5</sup> Consultation webinar slides – Regulatory Control Period 4. Transpower, [https://static.transpower.co.nz/public/uncontrolled\\_docs/Transpower\\_RCP4\\_Consultation\\_webinar\\_presentation.pdf?VersionId=Qng6Qv.ZQ6dCSvforCiYu1ekGcVppTjQ](https://static.transpower.co.nz/public/uncontrolled_docs/Transpower_RCP4_Consultation_webinar_presentation.pdf?VersionId=Qng6Qv.ZQ6dCSvforCiYu1ekGcVppTjQ)

<sup>6</sup> As discussed in sections 6.11 to 6.13 in the Commission's IPP 2025 consultation paper.

<sup>7</sup> Section 3.17 in the Commission's IPP 2025 consultation paper.