

[REDACTED]
26 May 2023

Tim Sparks
Director, Network Pricing
Electricity Authority | Te Mana Hiko

[REDACTED]
Dear Tim,

Implications of a potential change to the indexation approach to Transpower's Regulatory Asset Base for the transmission pricing methodology under the Code

As you know, we are currently carrying out the 2023 statutory review of Part 4 Input Methodologies (IM Review). As part of this review, we are considering whether to change the IM policy decision that relates to the indexation, or otherwise, of Transpower's Regulatory Asset Base (RAB). In coming to this decision, we are required under s54V(4)(a)(i) of the Commerce Act to take account of the Code's transmission pricing methodology (TPM) as it applies to Transpower and EDBs.

Our teams have discussed this, and we are now writing formally to request the Electricity Authority's written feedback on the potential implications for the TPM, under the Code, should we decide to index Transpower's RAB to inflation.

This letter and your response will be on the record for the IM Review. We will make this correspondence available on our website when we publish our draft decisions to ensure interested parties are able to access it. We request that you keep this matter in confidence until that point. This reflects our intention to enable all parties to engage with our draft decisions on the same basis, while meeting our obligation under s54V(4)(a)(i).

Our IM Review draft decisions will be published in mid-June 2023. The timing for this is driven by the programme to meet our statutory timeframes. We would be grateful for a response as soon as you are able, ideally before 31 May 2023. Please let me know if this timescale causes any difficulties.

Yours sincerely,

[REDACTED]
Andy Burgess
General Manager, Infrastructure Regulation