

CONSUMER COALITION ON ENERGY (CC93)

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Amy Henderson
Electricity Commission
WELLINGTON
Delivered by email to info@electricitycommission.govt.nz

Dear Amy

Submission on the draft Grid Upgrade Investment Review Policy

The Consumer Coalition on Energy (CC93) welcome the proposed Grid Upgrade Investment Review Policy (GUIRP) document to be published and updated as needed by the Electricity Commission (the "Commission"). The policy helps clarify roles and timetables for publication of relevant material by Transpower and the Commission.

We note that any final policy document does not override the statutory and regulatory requirements of the Commission or Transpower.

CC93 has two comments on the draft GUIRP and related processes:

- (1) We agree the Commission should publish a new Statement of Opportunities every two years. It would be useful if this requirement was explicitly set out in the Electricity Governance Rules.

The benefit of having certainty that the Commission will use the most up to date information when considering investment proposals is illustrated by the unsatisfactory process that lead to the approval of a 400 kV line between Whakamaru to South Auckland. Had a more up to date Statement of Opportunity been used in that case then the final decision would, in our view, have been more robust.

(2) Paragraph 5.3.7 of the draft GUIRP lists information to be included in a 'Projects Calendar' as part of the Annual Planning report to be published by Transpower. CC93 suggest the following additional information would also assist consumers gauge proposed investments:

- The incremental change in forecast aggregate transmission charges (real dollars per annum) from the date those charges begin until the date those charges end; and
- The incremental change in the forecast unit charge, that is dollars per MW, from the date those charges begin until the date those charges end.

With this information and the forecasts of demand growth assumed by Transpower, consumers of all classes will be able to estimate the increase in costs they will incur associated with each proposed investment. Estimating such price effects is contemplated in the rules. In particular Part F, section III, rule 12.3.4 includes in the list of information Transpower must provide in Grid upgrade plans:

"Such other content as prescribed in writing by the Board, to ensure that grid upgrade plans include such information that the Board considers is reasonably required to enable the Board and interested parties to evaluate proposed transmission investments, such as indicative pricing impacts of investment proposals."

Some members of CC93 may make be making separate submissions on other aspects of the draft GUIRP.

This submission is not confidential.

Yours sincerely



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