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Project Manager, Transpower and Gas
Commerce Commission
PO Box 2351
Wellington 6140
New Zealand

By email to infrastructure.regulation@comcom.govt.nz

Submission to the Commerce Commission on Transpower's individual price-quality path issues paper

Electricity Networks Aotearoa (ENA) appreciates the opportunity to make a submission to the Commerce Commission (Commission) on its issues paper on Transpower's individual price-quality path for the next regulatory control period (RCP).

ENA is the industry membership body that represents the 27 electricity distribution businesses (EDBs) that take power from the national grid and deliver it to homes and businesses across the motu. ENA harnesses members' collective expertise to promote safe, reliable, and affordable power for our members' customers.

ENA members make up the majority of Transpower's customer base and pay more than 70% of transmission charges. ENA looks forward to engaging with the Commission throughout the RCP4 decision-making process.

Transpower should be given the opportunity to rise above their deliverability challenges.

The Commission's issues paper focuses on the ability of Transpower to deliver the infrastructure necessary to enable the decarbonisation of the economy and to maintain the level of service expected by the electricity users of New Zealand.

EDBs, like Transpower, recognise the impact that the decarbonisation and electrification of the New Zealand economy will have on their workload and resources. Deliverability is impacted by number of units and cost of units plus labour and labour available. For EDBs, input unit cost price pressures (primarily materials), rather than an uplift in the quantum of non-customer-initiated work, will be the most likely source of deliverability challenges.

ENA agrees with the Verifier that *"Transpower has been able to expand its organisational capability to deliver step changes in total expenditure, equivalent to what it is proposing over RCP4."*¹

Transpower — and the electricity lines sector more broadly — have demonstrated their ability to ramp up their resources to deliver large infrastructure projects and work programmes as required. ENA expects that this ability will once again come to the fore as Transpower and EDBs

¹ Commerce Commission, Transpower's individual price-quality path for the next regulatory control period, p96

set up to deliver and maintain the infrastructure that will facilitate New Zealand's decarbonisation and growing appetite for electricity.

ENA is confident that Transpower, like its own members, can rise to the challenges of delivering the works programmes set out in the asset management plans (or regulatory proposal).

ENA is concerned that the Commission appears minded to rule out expenditure allowances (particularly capex) on the basis that it may not be delivered within the regulatory period (due to deliverability constraints) and therefore consumers would pay upfront, for expenditure and investments that don't eventuate or are delayed.

The Commission rejecting expenditure on the basis that there may be deliverability challenges, effectively locks in failure and the non-delivery of this investment. Instead, the Commission must give Transpower the opportunity and incentive to rise to the challenge of delivering the infrastructure that will enable decarbonisation. Instead, the Commission must give Transpower the opportunity and incentive to rise to the challenge of delivering the infrastructure that will enable decarbonisation for Aotearoa.

Mechanisms that will provide this opportunity are contingent allowances and use it or lose it allowances. Alongside these mechanisms would be delivery reporting that strikes the balance between providing useful information for interested parties and increasing Transpower's already heavy regulatory burden.

Please don't hesitate to get in touch with ENA if you'd like to discuss our submission. Contact Keith Hutchinson (keith@electricity.org.nz) in the first instance.

Yours sincerely



Keith Hutchinson

Regulatory Manager

ENA Members

Electricity Networks Aotearoa makes this submission along with the support of its members, listed below.

Alpine Energy

Aurora Energy

Buller Electricity

Centralines

Counties Energy

Electra

EA Networks

Firstlight Network

Horizon Energy Distribution

Mainpower NZ

Marlborough Lines

Nelson Electricity

Network Tasman

Network Waitaki

Northpower

Orion New Zealand

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