12 December 2018

Utilities Disputes
Wellington
By email: submissions@utilitiesdisputes.co.nz

Levies and bulk membership option

Transpower welcomes the opportunity to submit to the consultation paper Levies and bulk membership option. Our submission focuses on the proposal to increase Transpower’s levy contribution.

We support the principles of the Utilities Disputes scheme

We support the principles of the Utilities Dispute Scheme (UDS) that the scheme is accessible, independent, fair, accountable, efficient, and effective.¹

As a transmission company with no direct interface with most end-use consumers² our basis for allocation is necessarily different from Distributors and means our levy contribution needs to be set on a different basis to Distributors or other providers. We reject the suggestion our contribution is a ‘sweetheart deal’.

We consider the statement that “Transpower deserves unique pricing” (which we agree with) is inconsistent with the conclusion “however…changes to Transpower…levies should be on the same basis as every other provider” (page 10).

Unfortunately, the paper presents

- no information about what the Scheme is proposing we pay nor how that compares against the total levy sought
- insufficient information for us to be able to reasonably estimate our contribution going forward.

We don’t support the Scheme’s proposals with respect to transmission and are concerned that the consultation information is not sufficiently transparent for our engagement to be meaningful. However, we would be happy to meet to discuss the basis for any contribution increase.

We respond to question 6 below.

¹ Electricity Industry Act 2010 Schedule 4 clause 1
² We have some large industrial consumers connected to the grid.
Transpower response to question 6.

<table>
<thead>
<tr>
<th>Question</th>
<th>Response</th>
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<td>6. Do you agree with Transpower and First Gas levies being increased:</td>
<td>No to both proposals. As a transmission company with no direct interface with most end-use consumers our basis for allocation is necessarily different from Distributors and means our levy contribution needs to be set on a different basis to distributors or other providers.</td>
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| • On the same basis as every other network provider going forward        | The paper presents
| • Initially from the 2018 – 2019 levy to match what they would have been if their increases had been at the same rate as every other provider since 2011. | • no information about what the Scheme is proposing we pay nor how that compares against the total levy sought
|                                                                           | • insufficient information for us to be able to reasonably estimate our contribution going forward.                                                                                                       |
|                                                                           | We would be happy to meet to discuss the basis for any contribution increase.                                                                                                                                 |

Please contact me on 021 2425293 with any questions about this submission.

Yours sincerely

Micky Cave

Senior Regulatory Analyst