

22 February 2023 (anonymous) – Settlement of residual residue under the new SRAM

Question:

In the latest TPM newsletter dated 15 February it is stated that the first allocation of settlement of residual residue under the new SRAM will take place at the end of May 2023 for payment on 20 June. For the months of April and May 2023 will there be transmission invoices determined under the new TPM, but will at the same time there will be LCE credit notes still determined under the existing/old method for the settlement months of March and April 2023?

Response:

The new TPM takes effect in transmission prices on 1 April 2023 (in transmission invoices from April). Until the new SRAM takes effect the current regime (LCE credit notes) will continue. The last month in which settlement residue (SR) will be paid to customers under the current regime is May 2023, being pass-through of settlement residue accumulated in March 2023.

The Authority decided the new SRAM must apply to SR amounts accumulated in the market from 1 April 2023. SR accumulated in the market across April will be paid to Transpower by NZX when it settles market transactions for April on 20 May (or relevant business day). Transpower expects to then complete the first set of SRAM allocations and issue credit notes in late May – for payment to customers on 20 June.

Please note the timing of payment and/or amount of money Transpower receives from NZX is not impacted by the Authority's change in terminology or policy: the change is to how Transpower must allocate the total amount of SR (LCE) between its customers.