

26 April 2022 (New Zealand Steel) - Transmission charges from 1 April 2023

Question:

As you will be aware the Electricity Authority announced last Tuesday its decision to proceed with implementing the new TPM.

I attended the on-line briefing last Thursday afternoon. The intention was stated by the Authority that charges under the new model will commence 1 April next year. On questioning it was confirmed this intention may not eventuate if Transpower encounters some unexpected problem relating to implementation (and noting the decision of the High Court is awaited relating to the Judicial Review).

Should there be a delay to the 1 April implementation the Authority representative agreed this would be a contractual matter between Transpower and its customers. Can you please advise on what basis NZ Steel will be charged from 1 April 2023 to 31 March 2024 should the new TPM not be operative. In particular we require confirmation that whatever situation prevails, winter 2022 demands will not be used in calculating charges to apply from 1 April 2023.

Given the winter peak season may start mid-May in this part of the country, it is important we have a prompt response from Transpower.

Response:

As you're aware the Electricity Authority has determined that the new TPM will take effect on 1 April 2023. The new TPM is now final. On that basis Transpower must determine prices for 1 April 2023 consistent with the new TPM. We expect to communicate these to our customers in early December consistent with established timelines.

The outcome of the judicial review is a matter outside Transpower's control. If the court's decision has the effect of voiding the new TPM entirely then it is likely Transpower would be required to resort back to the current TPM. This would include calculating interconnection charges using RCPD. NZ Steel will need to make its own operational decisions with that possibility in mind.

Specifically, because of the outstanding judicial review outcome we are not able to confirm that "whatever situation prevails, winter 2022 demands will not be used in calculating charges to apply from 1 April 2023."