

Memorandum

Date: 22 December 2021

To: Transpower

by email

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ELECTRICITY AUTHORITY CONSULTATION ON THE PROPOSED TPM: ASSURANCE OF TRANSPOWER'S CROSS-SUBMISSION

Introduction

- 1 Transpower intends to make a cross-submission to the Electricity Authority (**Authority**) in response to submissions provided as part of the Authority's consultation on the proposed transmission pricing methodology (**TPM**).
- 2 The Authority is required to consult on the proposed TPM under clause 12.92 of the Electricity Industry Participation Code (**Code**) and has indicated that it will accept initial submissions by **2 December 2021**, and cross-submissions by **23 December 2021**.
- 3 Transpower intends to include in its cross-submission:
 - 3.1 comments in response to select issues raised by stakeholder submissions; and
 - 3.2 revised TPM drafting, which builds on the drafting that accompanied Transpower's submission to the Authority of 2 December 2021.
- 4 In making its cross-submission, Transpower is guided by the matters set out in clause 12.89(1) of the Code, which require that the proposed TPM be consistent with:
 - 4.1 the Guidelines published under clause 12.83(b);
 - 4.2 the Authority's statutory objective in section 15 of the Act; and
 - 4.3 any determination made under Part 4 of the Commerce Act 1986.
- 5 You have asked Chapman Tripp to provide assurance in relation to Transpower's cross-submission, including its revised TPM drafting, with a particular focus on compliance with the Guidelines and the Code, as applicable.



Assurance

6 In our opinion, and subject to any assumptions, qualifications and limitations noted below:

6.1 Transpower's revised TPM to be included as part of the cross-submission is consistent with the requirements of the TPM Guidelines in all material respects, in that the revised TPM:

- (a) addresses the scope and boundaries set in the TPM Guidelines;
- (b) addresses any tests or criteria in the TPM Guidelines;
- (c) is consistent with the content requirements of the TPM Guidelines (except where clause 2 departures have been clearly identified and documented); and
- (d) addresses any process requirements in the TPM Guidelines;

6.2 Transpower has addressed the requirements of clause 12.89(1) of the Code, as applicable.

Assumptions, qualifications and limitations

7 Our assurance in paragraph 6 above is subject to the following:

- 7.1 our assurance is based on the information made available to us;
- 7.2 our assurance role addresses legal requirements and legal form, and does not address economic or engineering effects; and
- 7.3 Transpower has satisfied itself that the revised TPM contains the structural and fundamental aspects of the proposed methodologies.

Reliance

8 This opinion may be relied on by Transpower and its Directors. Except to the extent (if any) required by law, no other person may, without our written consent, use this letter, either directly or indirectly, or enable this letter to be relied upon by any other person, or allow this letter to be quoted or referred to in any document, whether public or private, or filed with any regulatory authority.

9 We are aware that Transpower may intend to disclose this letter when providing its cross-submission to the Authority. We understand the disclosure of this letter is not intended to waive privilege in any advice we have given to Transpower, in this or any other process.



Lucy Cooper / Penelope Ward
Partner / Senior Associate