

7 October 2022 (anonymous) – Timing of prudent discount applications

Question:

We have been trying to decide on the best course of action between applying for a Prudent Discount under the existing TPM, which has 5 ½ months to run, or the new 1 April 2023 TPM. However this decision is hampered by the fact the Prudent Discount Manual and related Application Requirements/Application Fees haven't yet been consulted on or published yet. If we decided to start the Prudent Discount Application now under the existing TPM there is a chance, with the Christmas-New Year break, that a decision wouldn't be available before the 1 April 2023. If this occurred then we would presumably have to start the entire application process again under the new 1 April 2023 TPM.

What are your thoughts?

Response:

Prudent discounts provided under the current TPM (which are limited to inefficient bypass prudent discounts) only apply to transmission charges calculated under the current TPM – they do not carry over to the new one. It is extremely unlikely we could complete our assessment of a new prudent discount application under the current TPM before the current TPM ceases to apply on 1 April 2023. Even if we did, our practice is to start prudent discounts at the beginning of a pricing year and we are now in the last pricing year of the current TPM. If Transpower were to receive an application for a prudent discount under the current TPM, we would not consider it for the above reasons.

As signalled in our [consultation schedule](#), we intend to consult on a draft prudent discount practice manual under the new TPM in November, which will contain the proposed application requirements and fees. We expect to publish the manual early in 2023. Publication of the manual will start the clock ticking for back-dated prudent discount applications – a prudent discount applied for within six months of the manual being published may be back-dated to 1 April 2023 even if approved after that.