

12th December 2014

Androula Dometakis
General Manager Corporate Services
Level 7, ASB Tower
2 Hunter Street
Wellington

By email: submissions@ea.govt.nz

Dear Androula

Appropriations 2015/16 and Electricity Authority work programme

We appreciate the opportunity to comment on the paper *2015/16 Levy-Funded Appropriations, Electricity Authority Work Programme, and EECA Work Programme*, published 29th October 2014.

Support broad focus of work

We support the direction of the 2014-17 work programme to continue the focus of the current period on enhancing retail market competition. We note that the programme remains very busy but the number of initiatives has reduced from the 14/15 work plan. We encourage the Authority to continue to scrutinise the justification for each initiative in its work programme and to defer or drop low value activities.

Previous appropriation consultations used 'pending projects' mechanism to signal projects that would be undertaken if resources permitted but we observe this mechanism has not been used this time. We are not sure whether that is still the case and what has changed for it to be no longer indicated (we had found this useful for understanding the broader scope and wider thinking of the Authority's intentions).

Regulatory 'performance assessment' key part of regulatory equation

The Authority has been particularly focused on programme delivery during its establishment phase. That phase is now complete and, while delivery remains important, greater focus is needed to link those programmes, and individual decisions, to its strategies and to explaining, ex ante, what success looks like i.e. what, in practical terms, it is trying to achieve and how it assesses whether the intervention achieved the intended outcome. This feedback loop is a critical part of the regulatory process and should be baked in to each of Authority initiative.

We support adoption of impact (performance) measures as part of a regulatory performance assessment and encourage the Authority to expand further on how these will operate in practice. For example, we would like to know more about how the impact measures help the Authority to

articulate the intended effect of each regulatory decision (i.e. link to strategy, anticipated effect) and measure the success that decision, as part of the *post-implementation review*.

Transmission pricing

We note the inclusion at WP no. 1.12 of a project to consider any changes eventuating from Transpower's TPM operational review.

We appreciate the Authority incorporating this into its planning cycle and consider it will assist with coordination between this work and the Authority's own TPM review (WP no. 1.6). We also appreciate the Authority's support with the TPM operational review to date and will continue, ahead of any Code change proposal, to coordinate this work with Authority staff.

Increasing Compliance

We support efforts to increase compliance where such compliance advances the Authority's statutory duty. We do not support increasing compliance with outdated or unnecessary Code provisions that unduly impose regulatory burdens. As Peter Drucker said: *there is nothing so useless as doing efficiently that which should not be done at all*. To that end, and recognising the proliferation of new regulation and ever increasing complexity, we recommend that the Authority adopt an explicit objective to simplify regulation and to reduce the regulatory burden on participants.

For example, we have been working with the Authority this year to simplify or dispense with some historic Code obligations that have little or no value in their current form but which are costly to comply with. We encourage the Authority to continue in this direction and pursue this activity with increased zeal.

If you have any questions or would like to discuss any part of this submission please let me know.

Yours sincerely

A handwritten signature in dark ink, appearing to be 'JC' followed by a long horizontal stroke.

Jeremy Cain
Regulatory Affairs Manager

