

**TRANSPOWER**

Waikoukou  
22 Boulcott Street  
Wellington 6140  
New Zealand  
[www.transpower.co.nz](http://www.transpower.co.nz)

8 May 2018

John Rampton  
General Manager Market Design  
Electricity Authority  
Wellington  
By email: [submissions@ea.govt.nz](mailto:submissions@ea.govt.nz)

Dear John

## 2018/19 revised work programme

We appreciate the opportunity to submit to the Electricity Authority (the Authority) on its draft work programme. We also appreciated the workshop on the work programme which we found helpful.

We would like to see a work programme with more of a focus on what is coming: emerging technologies, disruptive business models, the rise of prosumers, the transition to a lower emissions economy – and rapid change.

### Improving work programme management

In our submission on the 2018/19 appropriations,<sup>1</sup> we expressed concern *“the Authority may spread itself thinly across too many projects [which] can result in project delays or disruption impacting industry certainty”*. We remain concerned. We would like to see the work programme governed by a tight focus on prioritisation and delivery against plans.

### Improving transparency and providing better information

We have advocated for the Authority to adopt a greater level of transparency about its work programme and individual high priority projects. Providing meaningful comment on the work programme is difficult when the information provided for comment is limited to a high-level description. As we submitted in December 2017, this *“transparency could include start dates, key milestones and consultation timeframes as well as updates during the year including comparisons of actual spend to date and budgeted costs for major projects”*.

We encourage the Authority to adopt such transparency. We would also like to see transparent KPIs for key milestones that are expected to be met beyond the current financial year, including the target date for completion and the impact of any delays.

### Programme A: Evolving technologies and business models

We consider the *equal access* and *monitoring for new technologies* projects would benefit from greater coordination with the Commerce Commission.

---

<sup>1</sup> [Transpower December 2017 submission on 2018/19 Levy-funded appropriations and focus areas](#)

We suggest the *monitoring for new technologies* project include consideration of measures to ensure reliability and supply quality are optimised by the uptake of new technologies - and not compromised. We see value in the project scope including governance matters, such as the need for appropriate technical standards, and assurance the standards are complied with in practice.

## Programme E: Operational efficiencies

In our view, the review of *trader default disconnection process* is not an operational efficiency project and should be re-opened as a market design (policy) project.

In our November 2015 submission<sup>2</sup> to the 2016/17 appropriations and work programme we pointed out the omission of the Authority's planned consultation<sup>3</sup> on disconnection procedures for direct connect consumers. The project was then included in the Authority's work programme for its 2017/18 appropriations, to which we submitted<sup>4</sup> a request the Authority consult on its disconnection direction power:

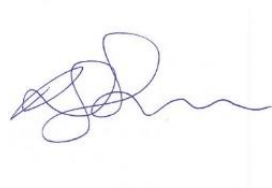
*"... the project description appears to make the project a compliance issue instead of the policy issue that the promised consultation requires. The project does not appear to cover the development of policy and procedure on the Authority in its potential exercise of its power to direct us (and other lines companies) to disconnect 'direct consumers'. Without this development we consider there is a risk that the default provisions (shortened or otherwise) may not be effective in the manner intended."*

We agree with the Authority's view that the disconnection direction should only be used as a last resort.<sup>5</sup> However, we remain concerned with the lack of policy development and consultation on the processes the Authority would have followed (including any Court processes) to conclude a disconnection direction is the appropriate action.

Finally, we query the *ongoing* basis for the Code Review programme. If the programme is to make the Code more readable then that objective should be close to completion (as new Code will be drafted for clarity). If the programme is a vehicle for operational efficiency changes (which we support), then parties applying the rules should be at the heart of identifying efficiency issues. Guidance from the Authority on how to propose changes as technical and non-controversial would be very helpful.

Please contact me with any questions about this submission.

Yours sincerely



Rebecca Osborne  
**Regulatory Affairs and Pricing Manager**

---

<sup>2</sup> [Transpower November 2015 submission on 2016/17 Levy-funded appropriations, and work programmes](#)

<sup>3</sup> [Market Brief 17 December 2013](#): *The Authority intends to undertake consultation early next year to seek further views on disconnection procedures for direct connect consumers that purchase their electricity from the clearing manager*

<sup>4</sup> [Transpower December 2016 submission on 2017/18 appropriations and strategic priorities](#)

<sup>5</sup> [Decision Paper - Settlement and Prudential Security Review 17 December 2013, section 6.3.2](#)