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Mr John Rampton
GM Market Design
Electricity Authority
Wellington

By email: submissions@ea.govt.nz

Dear Mr Rampton,

Consultation paper –Transpower’s proposed variation to the Transmission Pricing Methodology

1. This consultation by the Electricity Authority (the Authority) considers some of Transpower’s proposed amendments to the transmission pricing methodology, that comprises:
 - a) Changing $N = 100$ for regional coincident peak demand (RCPD) for the upper north island (UNI) and upper south island (USI), which will mean that all four regions will have RCPD determined on an $N=100$.
 - b) Excluding summer trading periods from the capacity measurement period (CMP) used for the calculation of RCPD.
 - c) Requiring Transpower to disregard changes in a customer’s offtake for the purposed of determining regional peaks, if transmission investment is not required.
 - d) Requiring Transpower to adjust transmission charges when a reverse flow situation occurs.

Changing $N = 12$ to $N = 100$ for the UNI and USI regions

2. Vector supports Transpower’s proposed change from $N=12$ to $N=100$ for the UNI and USI regions. If Transpower does not expect major new investment to be required in the short to medium term, a larger N – and hence weaker demand management signal – is likely to be appropriate.

Changing the CMP for RCPD

3. Vector notes that both the changes proposed for amending the CMP for RCPD are specifically targeted at New Zealand Aluminium Smelter (NZAS) ability to

increase production without being burdened with extra transmission charges. Vector has no specific objection to the proposals.

4. Vector notes the 20 business days' notification will have limited value for Vector as its network users' contribution to RCPD is primarily driven by consumer response to weather changes.

Minimising the distortion caused by reverse flows

5. Vector strongly supports Transpower's proposed amendment to mitigate the impact caused by reverse flows. Vector has practical experience of through-feed via our distribution network in parallel with the transmission network. We believe the proposed amendment is a practical solution and will avoid repetitive use of the "exceptional operating circumstances" provision.

Conclusion

6. Transpower's proposals are gradual improvements to the current TPM and address specific concerns existing with the current TPM as it stands. We believe this is a sensible approach for making changes to the TPM. Any questions in relation to this submission, please contact Kelvin Binning, Senior Regulatory Analyst, on 09 213 1542 or Kelvin.Binning@vector.co.nz.

Yours sincerely,
For and on behalf of Vector Ltd



Richard Sharp
Head of Regulatory