

18 November 2020

Transpower Ltd
PO Box 1021
Wellington 6140.

By email to TPM@transpower.co.nz

Re: Consultation on First Mover Disadvantage

Dear Transpower

We are pleased to be able to provide feedback on the supplementary consultation on first mover disadvantage (FMD).

Overall, we consider the approach in this supplementary paper to be non-controversial and sensible. We provided extensive feedback on this topic in our earlier submission on TPM connection charges and will not repeat them here, but you may find the following additional comments helpful.

Type 1 FAC proposal

We consider that the funded asset component allocation mechanism is a pragmatic and sensible approach, for both load and generation connection assets.

Type 2 FMD

We think the concern with Type 2 FMD is likely to be more relevant to injection connection assets that serve areas such as those populated with windfarms or geothermal where there is unused “fuel” resources rather than load assets which are usually sized for the specific load at the GXP, particularly where the customer is an EDB, which can take into account trends in load growth and make decisions on optimal sizing of connection assets.

Processes already exist in the (grid investment test) GIT to make capex decisions, allocate costs and manage the risks with this type of connection investments. The Commerce Commission is probably in the best position to manage this as opposed to developing rules within the TPM that specifically adjust for surplus capacity provision. Accordingly, we support Transpower not seeking to address Type 2 FMD through the TPM.

Once again thanks for the opportunity to comment.

Kind regards

A handwritten signature in grey ink, appearing to be 'd. boer', written in a cursive style.

David de Boer
Principal Advisor

Electricity Networks Association