

31 August 2018

Transpower

by email: rcp3@transpower.co.nz

SUBMISSION ON RCP3 DRAFT PROPOSAL

Introduction

- 1 Orion New Zealand Limited (**Orion**) welcomes the opportunity to comment on “Securing our Energy Future 2020-2025 - Regulatory Control Period 3 - Draft Proposal for Consultation” (the **proposal**) released by Transpower in August 2018.
- 2 Our submission is short and we respond to only a few of the specific questions in the proposal.
- 3 Overall, we are impressed with the quality of the analysis, reasoning and presentation.
- 4 Our comments relate to questions 13 to 15, which all relate in various ways to how the RCP3 revenue requirement is spread across the 5 years.
 - 4.1 Question 13: other things equal a smoothed path is to be preferred. However, we note that the nature of RCPD can create significant annual swings in individual transmission customer’s costs, and these variations are likely to be much larger than variations in the overall revenue requirement. We also note there is some prospect of changes to the TPM during RCP3, and this could well, based on previous proposals, result in very significant regional reallocation of the revenue requirement.
 - 4.2 Question 14: given our previous response we have no preferences for how revenue should be smoothed.
 - 4.3 Question 15: we are happy, for similar reasons to those stated above, for wash-ups and incentive adjustments to be annual.

Concluding remarks

- 5 Thank you for the opportunity to make this submission. Orion does not consider that any part of this submission is confidential. If you have any questions please contact Bruce Rogers (Pricing Manager), DDI 03 363 9870, email bruce.rogers@oriongroup.co.nz.

Yours sincerely



Bruce Rogers
Pricing Manager