



The Consumer Advisory Panel

In 2018, Transpower established a consumer advisory panel representing a diverse cross-section of New Zealand’s electricity consumers, as a forum for regular, long-term dialogue. The Panel provides advice and input to Transpower about consumers’ needs and perspectives, and engages in two-way dialogue on emerging sector issues. Transpower uses the panel’s advice and insights to better inform its business planning and decision making.

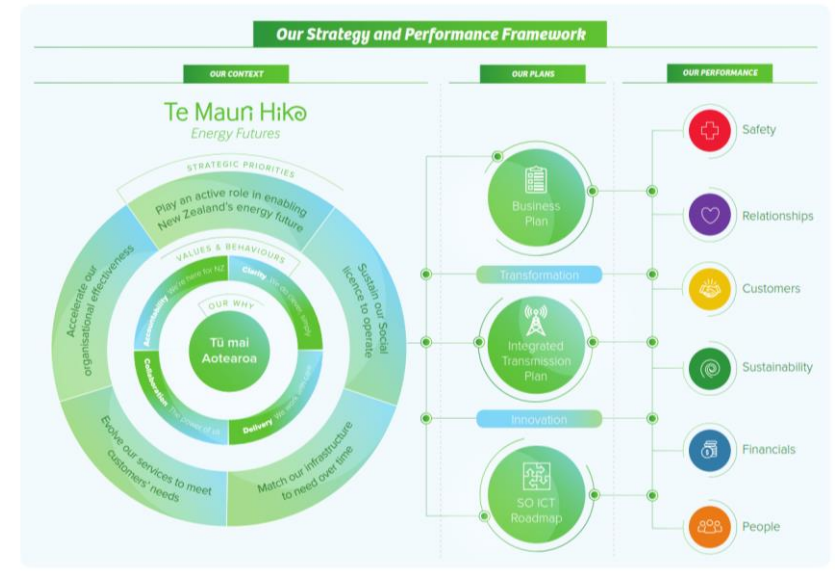
Previous panel discussions:

Strategy and Plans: Transpower shared its Strategy and Performance Framework (see right) from its Statement of Corporate Intent (SCI) for FY20 – the document that sets out the Board’s overall intentions and objectives for Transpower for the year commencing 1 July 2019 and the following two financial years. The SCI is a publicly available document and can be found [here](#).

Regulatory Control Period 3 (RCP3): Transpower presented an overview of what RCP3 is and the key points in the Commerce Commission’s draft decision on [Transpower’s RCP3 Proposal](#). This Proposal sets out the following key factors (among other things) for Transpower’s third regulatory controlled period (RCP3) which is the five years from 2020-2025: how much money Transpower can recover from customers (maximum allowable revenue), what we plan to spend it on (investment), what good service looks like (performance measures), and the set of reporting Transpower is required to prepare during RCP3. The [Commerce Commission’s draft decision](#) was publicly issued on 29 May. Submissions on this draft decision closed on 27 June – [Transpower](#) made a submission, along with four other interested parties which can be viewed on the [Commerce Commission’s website](#) (under “Documents”).

Community Consultation Case Study: The Panel participated in a discussion on consumer consultation using a real-life situation encountered by Transpower earlier in the year. Feedback from the panel was that more community consultation is needed at times when a significant volume of the community could be affected by a power outage on account of Transpower’s planned maintenance on the grid. This feedback will be included in Transpower’s overall review of the events that occurred and the recommendations of what improvements can be made.

Panel Planning – topics that should be covered over the course of the year: The Panel has expressed an interest in a range of topics including: transmission investment and pricing; Transpower’s roadmap to a low carbon economy; the future of work in the sector; sustainability, innovation; Government policy and a desire to receive more stories about Transpower’s work that can be shared with consumers.



About Transpower

Transpower is a New Zealand State Owned Enterprise (SOE), that:

- **plans, builds, maintains, and operates the electricity transmission network (the “National Grid”)**
- **operates the electricity system in real-time keeping electricity flowing through the network, and**
- **manages the wholesale electricity market, coordinating supply and demand.**

Transpower has 48 customers who connect directly to the National Grid. Transpower’s customers are local distribution businesses, generators, large industries like Tiwai, and utilities like KiwiRail.

Our lines cross 30,000 properties and 12,000 landowners have our assets located on their properties (of which the Department of Conservation is the largest.)

Transpower is owned by the New Zealand Government and is required to act commercially while also being socially responsible. The shareholding Ministers are the Minister of Finance (Hon. Grant Robertson) and the Associate Minister for State Owned Enterprises (Hon. Shane Jones). Transpower also works closely with the Minister of Energy (Hon. Megan Woods).

Transpower’s financial returns are regulated, with part paid to the government as a dividend and part reinvested back into the business. Transpower is regulated by the Commerce Commission and the Electricity Authority. The Commerce Commission sets our quality standards and regulates our transmission revenue (which translates into a portion of the electricity prices that users pay) based on approved levels of capital investment and operating expenditure. The Electricity Authority approves the Transmission Pricing Methodology used to allocate charges among our customers.

The Ministry of Business, Innovation and Employment (MBIE) develops and implements policy for the electricity sector. MBIE is the monitoring agent for the Commerce Commission and the Electricity Authority.

Transmission pricing

Transpower charges its customers for transmission according to the methodology approved by the Electricity Authority. These charges are based in part on the customer’s electricity usage, in part on regional investment need (determined by peak demand), and in part from the cost of the High Voltage Direct Current (HVDC) link - the cable that enables the North Island to access electricity generated in the South Island. The transmission charge component of a typical end consumer’s bill is around 10 per cent.

Key facts

- **Total assets - \$5 billion**
- **12,000km of transmission lines from Kaitaia to Bluff**
- **170 substations**
- **25,000 transmission towers**
- **120km of cable under the Cook Strait.**
- **Debt - \$2.96 billion**
- **Capital expenditure \$300-400 million pa. This funds smaller, critical upgrade projects and our maintenance and refurbishment programme of works.**
- **\$1061.1m revenue in financial year to June 2017, profit \$208.4m**
- **\$165m dividend in financial year to June 2017**
- **Around 750 staff**
- **Five offices throughout New Zealand – Auckland, Hamilton, Wellington (head office), Palmerston North and Christchurch**
- **All field work is undertaken by external contractors who specialise in transmission maintenance**

How we fit into the industry

New Zealand's whole electricity industry was once centralised and owned by Government. From the 1970s to 1999 it was corporatised, deregulated, and split-up into generation, transmission, distribution and retail. Each has different roles and responsibilities all of which impact consumers. Understanding this separation of responsibility is important to understanding what Transpower does - and what someone else in the industry does.

