Appendix A: Additional information required

Charge Component		Additional Information	Status
Overall	1	Identify and explain any areas of conflict between the TPM and Part 4A of the Commerce Act.	Must have
	2	Rule 2.6 of the pricing principles requires the TPM to recognise linkages with other elements of market pricing. Within this context, explain how the TPM integrates with pricing and cost allocation for ancillary services, including the flow through effects on distribution and customer decisions. This might be an issue Transpower may wish to raise for consultation.	Must have
	3	Provide rationale for no longer retaining an EV Adjustment mechanism in the TPM, and explain how any over-recovery or under-recovery mechanisim would work in subsequent years?	Noting
User pays	4	Does Transpower agree with the Commission's interpretation of user pays? If not, what interpretation has Transpower used? If there is a difference in interpretation, can Transpower indicate where it believes its TPM could now be inconsistent with the Commission's interpretation, and why?	Must have
	5	Explain, with reference to the Commission's Statement of Reasons (paragraph 42, page 8), how Transpower's interpretation of user pays impacts on the definition of deep connection.	Must have
	6	Explain, with reference to the Commission's Statement of Reasons, how Transpower's interpretation of user pays impacts on its decision to use anytime maximum demand rather than other forms of aggregation (for example, co-incident peaks).	Must have
Allocation Valuation Methodology	7	The proposed methodology is moving from an optimised grid approach to a replacement cost approach. How is this consistent with a user pays approach to the allocation of connection charges? Are there inconsistencies between the method used to calculate the revenue base (under the threshold price regime), and the method used to allocate this revenue among customers (under the TPM)?	Must have
	8	Discuss the rationale behind using the physical grid versus the optimised grid, including a list and description of locations where there is currently a significant difference between the optimised grid and the physical grid.	Must have
	9	Will locations in the grid where the grid is presently optimised down in value be considered as having prudent discounts automatically (for example, situations where the optimised grid voltage is less than the voltage that the physical grid is operated at, or where the optimised grid has less redundancy in it)?	Must have
Dynamic Efficiency	10	It is noted that the TPM places a lot of weight on nodal prices and the GIT to provide the correct dynamic efficiency signals. Has Transpower considered the effect of transmission prices on generator and consumer behaviour, and how that feeds through to assumptions about demand in the GIT? In addition, on what basis has Transpower come to the conclusion that the GIT and nodal prices provide sufficient signals for dynamically efficient behaviour?	Must have
AMD/AMI	11	Provide an explanation of the economic framework that led to the selection of AMD/AMI rather than other methods of aggregation, including any tradeoffs that were made in the decision between dynamic and static efficiency. Reference should be made to how the costs of the transmission system are driven by system and/or regional peaks. Has Transpower undertaken any analysis as to whether charging on a aggregrated/co-incident basis would likely result in a change in regional/system peak? If it has undertaken such an analysis could it indicate the extent to which any changes in peak demand are due to dynamic load shifting by customers, or due to the cumulative impact of customer decisions with respect to capital replacement in more or less energy efficient equipment.	Must have
	12	Provide the analysis as to why 100 peaks were chosen, including load duration curve information supporting the conclusion that AMD with 100 peaks is better than the alternative (e.g. 12 peaks, various forms of aggregation, co-incident peaks). Of interest in particular, is the apparent inconsistency with an objective of user pays, and what may come about as a result of the 100 peak AMD applying more costs to customers with less variable load (for example, two parties with the same peak loads during the system peak may have different cost allocations if one party has a base load and the other a more variable load).	Must have
	13	Provide examples of the process by which Transpower intends to reset AMDs and AMIs to reflect known changes in customer requirements at a point of connection during the pricing year. This should include any changes from the current practice for granting waivers.	Noting

Appendix A: Additional information required

Prudent Discount	14	The practical workings of the prudent discount policy need to be explained in greater detail. The explanation should include: example case studies of how the prudent discount process would be applied; an explanation of the factors included in both technical and operational feasibility assessments; a discussion of how far through the RMA/land easement processes will customers need to progress in order to satisfy the prudent discount requirements; what dispute resolution process will be used to resolve disagreements; what impact will prudent discounts have on the total revenue recovered (for example, what proportion of the discount will be recovered from other customers and what proportion will Transpower not recover); and how will prudent discounts be reflected in asset valuations?	Must have
	15	How are prudent discounts reflected in the valuations used to determine the overall revenue requirement?	Must have
Connection	16	Greater clarity on the determination of asset replacement costs is needed. This includes: the method and process used to determine the RC of an asset; how assets that have been derated for operational purposes will be treated; and how the overall capacity delivered by a combination of assets of different ratings will be treated.	Must have
	17	Indicate the likelihood of the connection definition for specific assets changing (for example, from interconnection to connection) as the configuration of the grid changes over time. For example, how would the definition of specific assets change with the construction of major new line?	Noting
	18	Identify any parts of the grid where the application of the proposed connection definition method may produce ambiguity in the definition of assets (i.e. they could be interpreted either as connection or interconnection).	Noting
HVDC	19	Provide rationale/reasoning for the threshold used for embedded generation, including greater clarity on what was trying to be achieved when the threshold was set. Why has Transpower apparently rejected basing a threshold on embedded generators' physical capacity? Of interest in particular is some discussion of situations where there are two embedded generators of the same size, but with one located behind the load, and one not.	Noting
	20	Provide analysis supporting the conclusion that AMI with 1 peak is better than alternatives (e.g. 100 peaks, nameplate).	Must have
	21	Explain the process by which P-existing would be set for the HVDC. This should also include an indication of the rule changes that would be required to allow the proposed process for setting P-existing to be implemented both outside or inside the TPM.	Must have
Numerical	22	Provide information for the proposed TPM that is equivalent to that provided in Appendix K of the current pricing methodology, along with Appendix K information for previous pricing years under the current pricing methodology.	Must have
	23	Provide the AMD/AMI/CAMI numbers that were used to derive the charges provided.	Must have
	24	Provide a breakdown of the charge components (HVDC/Connection/Interconnection) for each customer.	Must have
Diagrams	25	Provide greater clarity with respect to the diagram on page 14 of the Supplementary Material – This should be split into two diagrams: one showing the current connection definition and the other showing the proposed connection definition. The diagrams should clearly mark the differences and in each case the translation from circuits to links and nodes.	Must have
	26	The connection/interconnection node diagram (page 20 of the Supplementary material) should also be split into two, to compare the current definition and the proposed definition. There also needs to be a key on these diagrams.	Must have
	27	Provide single line diagrams showing the electrical connectivity of the North Island and South Island grids (e.g. the NIPS and SIPS diagrams).	Must have
	28	Provide single line diagrams showing the physical configuration of the North Island and South Island grids (e.g. a geographical map showing transmission line routes with a key indicating which electrical circuits are carried on which transmission lines).	Must have
	29	Provide single line diagrams showing the translation from the electricial connectivity of the North Island and South Island grid diagrams to the connection versus interconnection grid definition diagram.	Must have