

Notification of Commerce Commission's Amendments to Input Methodologies for Transpower New Zealand Limited and Capital Expenditure Input Methodology for Transpower New Zealand Limited

The Commerce Commission ("Commission") gives notice that it has amended the input methodologies (IMs) applicable to electricity lines services supplied by Transpower New Zealand Limited ("Transpower") under Part 4 of the Commerce Act 1986 ("Act").

The amended IMs are:

- *Transpower Input Methodologies Determination* [2012] NZCC 17 ("Transpower IM"); and
- *Transpower Capital Expenditure Input Methodology Determination* [2012] NZCC 2 ("Capex IM").

The amendments are set out in:

- *Transpower Input Methodologies Amendments Determination 2019* [2019] NZCC 10; and
- *Transpower Capital Expenditure Input Methodology Amendments Determination 2019* [2019] NZCC 11.

The amendments to the Transpower IM relate to:

- the specification and definition of prices;
- the circumstances in which an individual price-quality path may be reconsidered within a regulatory period;
- the definition of "operating costs"; and
- correcting implementation errors in the incremental rolling incentive scheme.

The amendments to the Capex IM relate to the IMs that must be met by Transpower, specifically the "base capex standard incentive rate".

The reasons for the above amendments are to:

- promote the purpose of Part 4 of the Act (section 52A) more effectively;
- promote the purpose of IMs (section 52R) more effectively (without detrimentally affecting the promotion of the purpose of Part 4 of the Act); and
- reduce compliance costs, other regulatory costs or complexity (without detrimentally affecting the promotion of the purpose of Part 4 of the Act).

Further information

A copy of the determination and the reasons paper is available on the Commission's website, <https://comcom.govt.nz/regulated-industries/input-methodologies/projects/amendments-necessary-to-implement-transpowers-2020-individual-price-quality-path-and-future-price-quality-paths>, and for inspection free of charge, or for purchase at a reasonable price, at the Commission's Office at 44 The Terrace, Wellington (during ordinary office hours).

Date of Notice: 28 August 2019.

COMMERCE COMMISSION.