

Transpower Individual Price-Quality Path Amendment Determination 2018 (No.1)

[2018] NZCC 16

Amendment to Decision [2014] NZCC 35 made under section 52Q of the Commerce Act 1986 updating Transpower's forecast MAR for the pricing year ending on 31 March 2020.

The Commission:

Dr M Berry

Dr S Gale

Dr J Walker

Date of Decision: 25 October 2018

Transpower Individual Price-Quality Path Amendment Determination 2018 (No.1)

Under Part 4 of the Commerce Act 1986, the Commerce Commission makes the following determination:

1. TITLE

This determination is the Transpower Individual Price-Quality Path Amendment Determination 2018 (No.1).

2. DETERMINATION AMENDED

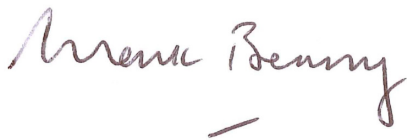
This determination amends the *Transpower Individual Price-Quality Path Determination 2015* [2014] NZCC 35 (**RCP2 IPP Determination**).

3. COMMENCEMENT

This determination comes into force on the date on which a summary of it is published in the *New Zealand Gazette*.

4. RCP2 IPP DETERMINATION AMENDMENTS

- 4.1 In Schedule A (Forecast MAR Summary), in line 5 "31 March 2020 (Year 5)" under "Incremental update to forecast MAR determined not later than the second Wednesday in November 2018" [Column 7], replace "\$XX.X million" with "\$14.3 million".
- 4.2 In Schedule A (Forecast MAR Summary), in line 5 "31 March 2020 (Year 5)" under "Total forecast MAR applicable to the pricing year (sum of amounts in columns 3 to 7)" [Column 8], replace "\$938.7 million" with "\$953 million".



Dr Mark Berry, *Chairman*

Dated at Wellington this 25th day of October 2018.

COMMERCE COMMISSION

Explanatory Note

This amendment updates Transpower's forecast MAR for the pricing year ending on 31 March 2020.

The *Transpower Individual Price-Quality Path Determination 2015* [2014] NZCC 35 (RCP2 IPP Determination) set Transpower's price-quality path in terms of its maximum allowable revenue (being the forecast maximum allowable revenue, or forecast MAR) on 28 November 2014 for each pricing year in the regulatory period from 1 April 2015 to 31 March 2020 (regulatory period).

Under clause 9 of the RCP2 IPP Determination, Transpower is required to provide the Commission with a proposed forecast MAR update for all remaining pricing years of the regulatory period, no later than the third Friday of October of each disclosure year (other than the final disclosure year) of the regulatory period.

Under clause 10 of the RCP2 IPP Determination the Commission may reconsider and amend Transpower's forecast MAR for each pricing year of the regulatory period, by the second Wednesday of November of each year.

The Commission does so by reviewing Transpower's proposed forecast MAR and updating the forecast MAR amounts in Schedule A (Forecast MAR summary) of the RCP2 IPP Determination, to take account of Transpower's performance against its MAR for the disclosure year ended 30 June 2018, any major capital expenditure adjustments, any listed project capital expenditure approvals, and any forecast changes for the impact of future capital expenditure.

The Commission has reviewed Transpower's proposed forecast MAR for the pricing year ending on 31 March 2020 and agrees with the adjustment Transpower has proposed. This determination gives effect to that adjustment.