

Transpower Input Methodologies Amendment Determination 2024

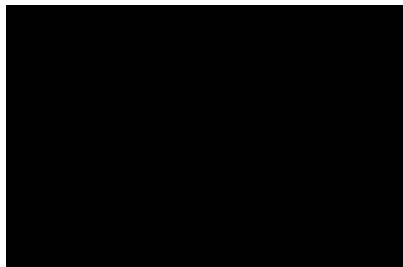
[2024] NZCC 19

The Commission:

Vhari McWha
Dr Derek Johnston
Bryan Chapple
Nathan Strong

Date of decision:

29 August 2024



Dr Derek Johnston, Commissioner

Dated at Wellington this 29th day of August 2024

COMMERCE COMMISSION
Wellington, New Zealand

Determination history		
Determination date	Decision number	Determination name
29 June 2012	[2012] NZCC 17	Transpower Input Methodologies Determination ('principal determination')
28 August 2014	[2014] NZCC 22	Transpower Input Methodologies Amendments Determination 2014
26 September 2014	[2014] NZCC 24	Electricity Lines Services Input Methodologies Determination Amendment 2014
29 October 2014	[2014] NZCC 27	Electricity Lines Services and Gas Pipeline Services Input Methodologies Determination Amendment (WACC percentile for price-quality regulation) 2014
27 November 2014	[2014] NZCC 32	Incremental Rolling Incentive Scheme Input Methodology Amendments Determination 2014
27 November 2014	[2014] NZCC 34	Transpower Input Methodologies Amendments Determination 2014 (No. 2)
11 December 2014	[2014] NZCC 38	Electricity Lines Services and Gas Pipeline Services Input Methodologies Determination Amendment (WACC percentile for information disclosure regulation) 2014
5 February 2015	[2015] NZCC 3	Transpower Input Methodologies Amendment Determination 2015
21 October 2015	[2015] NZCC 27	Transpower Input Methodologies Amendment Determination 2015 (No. 2)
20 December 2016	[2016] NZCC 27	Transpower Input Methodologies Amendments Determination 2016
29 June 2017	[2017] NZCC 17	Transpower Input Methodologies Amendment Determination 2017
28 August 2019	[2019] NZCC 10	Transpower Input Methodologies Amendments Determination 2019
13 November 2019	[2019] NZCC 16	Transpower Input Methodologies Amendments Determination (No. 2) 2019

13 December 2023	[2023] NZCC 38	Transpower Input Methodologies (IM Review 2023) Amendment Determination 2023
29 August 2024	[2024] NZCC 19	Transpower Input Methodologies Amendment Determination 2024

* The principal determination re-determined the input methodologies contained in the *Commerce Act (Transpower Methodologies) Determination 2010* (Commerce Commission Decision No.713, 22 December 2010), as amended by the *Commerce Act (Transpower Input Methodologies) Amendment Determination (No. 1) 2011* (Commerce Commission Decision 736, 1 November 2011). A complete history of determinations relevant to the input methodologies applicable to Transpower is available on the Commission's website.

[Drafting notes:

- This determination amends the Transpower Input Methodologies Determination, as previously amended, ('principal determination').
- The included amendments which are secondary legislation are made under the Legislation Act 2019 and Part 4 of the Commerce Act 1986].

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

1. TITLE

1.1 This determination is the Transpower Input Methodologies Amendment Determination 2024.

2. DETERMINATION AMENDED

2.1 This determination amends the **principal determination**.

3. INTERPRETATION

3.1 In this determination, the words or phrases in bold type bear the following meanings:

3.1.1 **Act** has the same meaning as in the **principal determination**;

3.1.2 **disclosure year** has the same meaning as in the **principal determination**;

3.1.3 **IM Review amendment determination** means the Transpower Input Methodologies (IM Review 2023) Amendment Determination 2023;

3.1.4 **IPP** has the same meaning as in the **principal determination**; and

3.1.5 **principal determination** means the Transpower Input Methodologies Determination [2012] NZCC 17.

4. COMMENCEMENT AND APPLICATION

4.1 This determination comes into force on the [date], being the day after which notice of it is given in the New Zealand Gazette under the Legislation Act 2019 in accordance with s 52W of the **Act**.

4.2 However, the amendments to the **principal determination** set out in this determination apply:

4.2.1 for the purposes of information disclosure regulation, from the commencement of **disclosure year** 2026; and

4.2.2 for every other purpose, for an **IPP** that commences on or after 1 April 2025.

4.3 Clause 4.4 applies to a provision of the **principal determination** that is amended by the **IM Review amendment determination** and by this determination.

4.4 If the amendments to the provision are expressed, in the **IM review amendment determination** and in this determination, to apply from the same date, the amendments set out in this determination apply immediately after the amendments set out in the **IM review amendment determination** apply.

5. PRINCIPAL DETERMINATION AMENDMENTS

5.1 In clause 1.1.4(2) of the **principal determination**, delete the definition of **forecast CPI**.

5.2 In clause 1.1.4(2) of the **principal determination**, insert in their appropriate alphabetical order:

“delivery risk adjustment means an increase to a **base capex allowance** or an **opex allowance** (or both) that reflects **Transpower’s** management of a delivery risk and is provided for in the **IPP determination**”

“RCP4 means the **regulatory period** from 1 April 2025 to 31 March 2030;”

“RCP4 HVDC transitional adjustment has the same meaning as defined in the **IPP determination**;”

5.3 In clause 2.2.10(1)(g) of the **principal determination**, replace **“other regulated goods or services”** with **“other regulated goods or services”** in each place.

5.4 In clause 3.1.3(2)(b), after **“by Transpower,”**, insert **“in relation to an asset remaining out of service after an initial period of 14 consecutive days out of service, insofar as the cumulative amount so incurred is less than or equal to 1% of Transpower’s forecast MAR for the disclosure year in which the event causing the asset to be out of service commences,”**.

5.5 In the formula in clause 3.6.2(1)(b) of the **principal determination**, replace **“Adjustment to the opex incentive”** with **“Base year adjustment to the opex incentive”**.

5.6 The **principal determination** is also amended in accordance with the deletions, replacements, and insertions that are tracked in red in the excerpts of the **principal determination** that are set out in Attachments A, B, and C.

ATTACHMENT A

2.2.8 Revaluation

- (1) Unallocated revaluation is the amount determined, subject to subclause (3), in accordance with the formula-

(unallocated opening RAB value – unallocated depreciation) × revaluation rate.

- (2) Revaluation is the amount determined, subject to subclause (3), in accordance with the formula-

(opening RAB value – depreciation) × revaluation rate.

- (3) For the purposes of subclauses (1) and (2), where the asset is-

~~(a) the asset's physical asset life at the end of the disclosure year is nil;~~
or

~~(b) the asset is a-~~

~~(i) disposed asset;~~

~~(ii) lost asset,~~

(a) a disposed asset;

(b) a lost asset; or

(c) any other asset having a commissioning date in the disclosure year in question,

unallocated revaluation and revaluation are nil.

- (4) Revaluation rate means, in respect of a **disclosure year**, the rate determined in accordance with the formula-

$$(CPI_4 \div CPI_4^{-4}) - 1,$$

where-

CPI_4 means **CPI** for the last quarter ~~that coincides with the end~~ of the **disclosure year**; and

CPI_4^{-4} means **CPI** for the last quarter ~~that coincides with the end~~ of the preceding **disclosure year**.

ATTACHMENT B

3.1.1 Price

- (1) For the purpose of s 53M(1)(a) of the **Act**, the maximum revenues that may be recovered by **Transpower** for **electricity transmission services** will be specified in an **IPP determination** as a revenue cap.
- (2) To comply with the revenue cap, the forecast revenue that **Transpower** uses for setting transmission charges under the **TPM** for each **pricing year** must not exceed the **forecast SMAR** for that **pricing year** of the **regulatory period**.
- (3) For the purpose of setting the 'forecast SMAR':
 - (a) the **Commission** must determine in an **IPP determination** for each **pricing year** of the **regulatory period**:
 - (i) the **forecast MAR**; and
 - (ii) the **IPP revenue growth rate**;
 - (b) the present value of the aggregated **forecast SMAR** values for the **regulatory period** must equal the present value of the aggregated **forecast MAR** values for the **regulatory period**;
 - (c) the **IPP revenue growth rate** must be applied when calculating the **forecast SMAR** for each **pricing year** of the **regulatory period** after the first **pricing year**; and
 - (d) the respective present values in (b) must be calculated using the **WACC**.
- (4) For the purpose of subclause (3)(a), inputs to the calculation of the **forecast MAR** for each **pricing year** in a **regulatory period** must include, but are not limited to:
 - (a) the **WACC**;
 - (b) **forecast EV adjustments**;
 - (c) forecast **pass-through costs**; and
 - (d) forecast **recoverable costs**.

(5) For the purposes of subclause (4)(b), the forecast EV adjustment for the calculation of forecast MAR for each pricing year of RCP4 is calculated in accordance with the formula-

$$= -x \frac{WACC}{\left(1 - \frac{1}{(1+WACC)^y}\right)}$$

where-

x is the forecast closing post-tax **EV account** balance for the final **disclosure year** of **RCP3** (minus any **RCP4 HVDC transitional adjustment**) converted to a pre-tax revenue value by the addition of a tax gross-up amount, as specified in an **IPP determination**;

y is the number of years in **RCP4**;

RCP3 is the **regulatory period** immediately before **RCP4**; and

WACC is the **65th percentile estimate of WACC** for **RCP4**.

(5)(6) For the purposes of subclause (4)(b), the **forecast EV adjustment** for the calculation of forecast **MAR** for each pricing year of any other **RCP** is calculated in accordance with the formula-

$$= -x \frac{WACC}{\left(1 - \frac{1}{(1+WACC)^y}\right)}$$

where-

x is the forecast closing post-tax **EV account** balance for the final **disclosure year** of **RCP_{t-1}** converted to a pre-tax revenue value by the addition of a tax gross-up amount, as specified in an **IPP determination**;

y is the number of years in **RCP_t**;

RCP_{t-1} is the **regulatory period** immediately before the **regulatory period** for which the **forecast MAR** is being calculated; ~~and~~

RCP_t is the **regulatory period** to which the **forecast MAR** relates; ~~and~~

WACC is the **65th percentile estimate of WACC** for **RCP_t**.

ATTACHMENT C

Subpart 7 Reconsideration of the individual price-quality path

SECTION 1 When Commission can reconsider the IPP

3.7.1 When the IPP may be amended

- (1) The **Commission** may amend the **IPP** if the **Commission** is satisfied that-
- (a) a **reopener event** has occurred;
 - (b) the **IPP** should be amended, after having regard to at least the matters in clause 3.7.10(1); and
 - (c) the amendment to the **IPP** is consistent with clause 3.7.11.
- (2) A 'reopener event'-
- (a) is an event, or a series of related events, of a type specified in subclause (3), that occurs in the period that—
 - (i) begins on the date that is 12 months before the start of the **regulatory period**; and
 - (ii) ends at the end of the **regulatory period**; or
 - (b) occurs when-
 - (i) **Transpower** forecasts that a **large buildup in EV account balance** is likely to occur in the **regulatory period** and the criteria in clause 3.7.8(2) are met; or
 - (ii) **Transpower** applies on the basis that 2 or more **E & D projects** have become reasonably likely to commence in the **regulatory period** and the criteria in clause 3.7.9(5) are met; ~~or~~
 - (iii) **Transpower** applies on the basis that an **anticipatory capacity project** is reasonably likely to commence in the **regulatory period** and the criteria in clause 3.7.9A(2) are met; or
 - (iv) **Transpower becomes eligible for a delivery risk adjustment under clause 3.7.9B.**
- (3) For the purpose of subclause (2)(a), the types of events are:

- (a) a **catastrophic event**;
- (b) a **change event**;
- (c) an **error event**; or
- (d) the discovery of **false or misleading information**.

3.7.2 Process for the reconsideration of the IPP

- (1) A **reopener event** can be nominated:
 - (a) in the case of a **large buildup in EV account balance**, ~~of~~ 2 or more **E & D projects**, or a delivery risk adjustment, by **Transpower** applying; and
 - (b) in any other case, by-
 - (i) the **Commission**; or
 - (ii) **Transpower**, by notifying the **Commission**.
- (2) The **Commission** or **Transpower** may nominate more than one **reopener event** at the same time.
- (3) If **Transpower** nominates a **reopener event**, it must provide sufficient information to enable the **Commission** to assess:
 - (a) whether a **reopener event** has occurred;
 - (b) having regard to at least the matters in clause 3.7.10(1), whether and how the **IPP** should be amended; and
 - (c) whether any proposed amendment to the **IPP** is consistent with clause 3.7.11 and the **Act**.
- (4) The **Commission** must publish a notice on its website of each of the following matters as soon as practicable after they occur:
 - (a) a **reopener event** is nominated; and
 - (b) the **Commission** decides whether or not-
 - (i) it is satisfied that a **reopener event** has occurred;
 - (ii) to reconsider the **IPP**; and
 - (iii) to amend the **IPP**.

3.7.3 Confidential information

- (1) Where **Transpower** considers that it has a right to confidentiality in any information that it provides to the **Commission** in relation to this subpart and it does not waive the right, it must:
 - (a) include that information in an appendix; and
 - (b) clearly mark the information as confidential.
- (2) Subclause (1) does not prevent the **Commission** from publishing information identified in accordance with that subclause if it considers **Transpower** does not have a right to confidentiality in respect of that information.
- (3) Subclause (2) does not affect any of **Transpower's** rights or remedies for breach of any right to confidentiality.

SECTION 2 Events that may be reopener events

3.7.4 Catastrophic event

- (1) A 'catastrophic event' is an event-
 - (a) beyond the reasonable control of **Transpower**;
 - (b) that could not have been reasonably foreseen at the time the **IPP** was determined; and
 - (c) for which-
 - (i) action required to rectify its adverse consequences cannot be delayed until a future **regulatory period** without the **grid outputs** associated with the **revenue-linked grid output measures** being outside the range specified by the relevant **cap** and **collar** in the remaining **disclosure years** of the **regulatory period**;
 - (ii) remediation requires **capex**, **opex**, or both;
 - (iii) the full remediation costs are not provided for in the **IPP**; and
 - (iv) the cost of remediation net of any insurance or compensatory entitlements exceeds \$5 million.

3.7.5 Change event

- (1) A 'change event' occurs where there is a change of the type described in subclause (2) or (3), the effect of which is not explicitly or implicitly provided for in the **IPP**.
- (2) The first type is a change in a regulatory or legislative requirement that applies to **Transpower** as a result of new or amended legislation, or judicial clarification of the interpretation of legislation, that-
 - (a) results in additional reasonable costs (whether **capex**, **opex**, or both) to respond to the changed requirement that exceed \$5 million; or
 - (b) causes an **input methodology** to become incapable of being applied.
- (3) The second type is a change in a requirement that applies to **Transpower** under **GAAP**, that-
 - (a) results in a change in the recognition or measurement (including timing) of 1 or more of the following:
 - (i) **opex**;
 - (ii) **capex**;
 - (iii) assets;
 - (iv) liabilities;
 - (v) **forecast MAR**;
 - (vi) actual transmission revenue; or
 - (vii) taxation; and
 - (b) if in effect at the time the **IPP** was determined, would have caused the aggregate amount of the **forecast MAR** for all **pricing years** of the **regulatory period** to have differed by an amount that exceeds \$5 million as a result of a difference in the forecast amounts or values relied on in setting the price path.

3.7.6 Error event

- (1) An 'error event' is an unintended circumstance where the **IPP** was determined or amended based on an error, including where:

- (a) incorrect data were used in determining the price path, **revenue-linked grid output measure**, or a quality standard; or
 - (b) data were incorrectly applied in determining the price path, **revenue-linked grid output measure**, or a quality standard.
- (2) For the purposes of subclause (1),-
- (a) an error relating to the **IPP** does not constitute an **error event** unless the error has an impact on the **forecast MAR** that exceeds \$100,000 for the affected **pricing years** of the **IPP**;
 - (b) an error relating to the metrics by which quality standards or grid output measures are specified in the **IPP** does not constitute an **error event** unless it is an error in the value of the metric; and
 - (c) a discrepancy between forecast values and actual values does not constitute an **error event**.

3.7.7 False or misleading information

- (1) This subpart applies to ‘false or misleading information’-
- (a) relating to the making or amending of the **IPP determination** that has been-
 - (i) provided by **Transpower** or its agents to the **Commission**; or
 - (ii) disclosed pursuant to an **ID determination** or information disclosure requirements under subpart 3 of Part 4A of the **Act** (as continued in force for a time by s 54W of the **Act**); and
 - (b) that the **Commission** relied on in making or amending the **IPP determination**.

3.7.8 Large buildup in EV account balance

- (1) A ‘large buildup in EV account balance’ is a situation where the **EV account** balance would be, as of the last day of a **regulatory period**, when divided by the number of years in that **regulatory period**, greater than 5% of the **forecast SMAR** for the final **pricing year** in that **regulatory period**.
- (2) The criteria referred to in clause 3.7.1(2)(b)(i) are-

- (a) **Transpower** must apply for amendment of the **IPP** in respect of the **large buildup in EV account balance**;
- (b) the application must relate to remaining complete **pricing years** in the **regulatory period**;
- (c) the application must be made-
 - (i) if the **regulatory period** is longer than 4 years, in the period of 80 **working days** that commences after the end of the third **disclosure year** commencing in the **regulatory period**; and
 - (ii) in any other case, in the period of 80 **working days** that commences after the end of,-
 - (A) the first **disclosure year** commencing in the **regulatory period**;
or
 - (B) the second **disclosure year** commencing in the **regulatory period**; and
- (d) the application must include a proposed amendment to the **forecast SMAR** in respect of the remaining complete **pricing years**.

3.7.9 Enhancement and Development project

- (1) An 'E & D project' is:
 - (a) an **unforeseeable E & D project**; or
 - (b) a **foreseeable E & D project**.
- (2) An 'unforeseeable E & D project' is an **E & D base capex project** or a **transmission alternative**, where, in relation to a **regulatory period**:
 - (a) at the time the **IPP determination** was made for that **regulatory period**, an allowance for that **project** or **transmission alternative** was not included in the **base capex allowances** or in the **opex** allowance specified by the **Commission** in the **IPP determination** for that **regulatory period** because:
 - (i) the **project** or **transmission alternative** was not forecast to commence in that **regulatory period**; and

- (ii) it was reasonably unforeseeable that the **project** or **transmission alternative** was likely to commence during that **regulatory period**;
 - (b) the **project** or **transmission alternative** has become reasonably likely to commence in that **regulatory period**; and
 - (c) drivers of the **project** or alternative include one or more of the drivers set out in subclause (4).
- (3) A 'foreseeable E & D project' is an **E & D base capex project** or a **transmission alternative**, where, in relation to a **regulatory period**:
- (a) at the time the **IPP determination** was made for that **regulatory period**, an allowance for that **project** or **transmission alternative** was not included in the **base capex allowances** or in the **opex** allowance specified by the **Commission** in the **IPP determination** for that **regulatory period**, and it would have been unreasonable to expect **Transpower** to have accurately forecast the expenditure, or timing of, the **project** or **transmission alternative** at the time the **IPP determination** was made;
 - (b) the **project** or **transmission alternative** has become reasonably likely to commence in that **regulatory period**; and
 - (c) drivers of the **project** or **transmission alternative** include one or more of the drivers set out in subclause (4).
- (4) For the purposes of subclauses (2)(c) and (3)(c), the drivers are:
- (a) a step change in demand that necessitates a capacity upgrade in the **grid**;
 - (b) a generation **commissioning** or generation **decommissioning**;
 - (c) meeting **grid reliability standards** or reliability service levels agreed between **Transpower** and its **customer**;
 - (d) ensuring power quality complies with regulatory or legislative requirements;
 - (e) managing the power system dynamic voltage response to disturbances;
 - (f) any other development caused by a party outside the control of **Transpower** that requires a transmission network enhancement or transmission network development; or

- (g) the potential for a high-impact, low-probability future event that necessitates **resilience capex**.
- (5) The criteria referred to in clause 3.7.1(2)(b)(ii) are:
- (a) **Transpower** must apply for amendment of the **IPP** in respect of the **E & D projects**;
 - (b) **Transpower** must not have previously applied in the **regulatory period** for amendment of the **IPP** in respect of **E & D projects**;
 - (c) the application must include:
 - (i) an explanation of the reasons why the **E & D projects** have become reasonably likely to commence in the **regulatory period**;
 - (ii) an explanation of the drivers of each of the **E & D projects** in accordance with subclause (2)(c) or (3)(c) (or both); and
 - (iii) supporting analysis for the explanations for the matters in subparagraphs (i) and (ii); and
 - (d) the total forecast value of the **E & D projects**, in aggregate, amounts to at least \$20 million.
- (6) The detail and rigour of the explanations and analysis referred to in subclause (5)(c) must be commensurate with the estimated expenditure and complexity of each **E & D project** that is the subject of the application.

3.7.9A Anticipatory capacity project

- (1) An ‘anticipatory capacity project’ is a **project** of **base capex** for an **anticipatory connection asset** in respect of which—
- (a) **Transpower** has, after the start of the **regulatory period**, entered into a **new investment contract**; and
 - (b) the forecast **capital expenditure** for the **anticipatory capacity** of the **anticipatory connection asset** exceeds \$10 million but does not exceed the **base capex threshold**.
- (2) The criteria referred to in clause 3.7.1(2)(b)(iii) are—
- (a) **Transpower** must apply for an amendment of the **IPP** in respect of the **project**;

- (b) having regard to the matters set out in Schedule A of the **Capex IM**, the **project** is consistent with an expenditure outcome that represents the efficient costs of a prudent supplier, having regard to **good electricity industry practice**;
 - (c) the forecast **capital expenditure** for the **anticipatory capacity** of the **anticipatory connection asset** is reasonably likely to commence in the regulatory period; and
 - (d) the **application** must include:
 - (i) an explanation of the reasons why the **project** is consistent with the expenditure outcome described in (b);
 - (ii) an explanation of the reasons why the **anticipatory capacity** of the **anticipatory connection asset** is reasonably likely to commence in the **regulatory period**; and
 - (iii) supporting analysis for the explanations for the matters in subparagraphs (i) and (ii).
- (3) The detail and rigour of the explanations and analysis referred to in subclause (2)(d) must be commensurate with the estimated expenditure and complexity of the **project**.

3.7.9B Delivery risk adjustment

(1) Transpower is eligible for a delivery risk adjustment if:

- (a) the IPP determination provides for a delivery risk adjustment and, in accordance with the IPP determination, Transpower is eligible for an increase to a base capex allowance, an opex allowance, or both in respect of the delivery risk adjustment;
- (b) Transpower applies for an amendment of the IPP in respect of the delivery risk adjustment; and
- (c) Transpower's application:
 - (i) includes reasonable evidence that it is eligible for an increase to a base capex allowance, an opex allowance, or both (as the case may be);

(ii) is accompanied by a certificate from the chief executive officer of Transpower certifying the accuracy and completeness of the evidence; and

(iii) complies with any other requirements specified in the IPP determination.

SECTION 3 Commission consideration of whether and how to amend the IPP

3.7.10 Commission consideration of whether to amend the IPP

- (1) If the **Commission** is satisfied that a **reopener event** has occurred, then the **Commission** must have regard to at least the following matters when deciding whether to amend the **IPP**:
- (a) the impact of the **reopener event** given the relevant circumstances, including both positive and negative effects, on **Transpower's** costs, revenues, and quality outcomes;
 - (b) the extent to which the **IPP** provides explicitly or implicitly for the **reopener event**;
 - (c) if **Transpower** nominated the **reopener event**:
 - (i) whether the action required to respond to the **reopener event's** adverse consequences can be delayed until a future **regulatory period**;
 - (ii) the extent to which **Transpower**:
 - (A) contributed to the adverse consequences of the **reopener event** by its action or omission; and
 - (B) could have prevented or overcome the adverse consequences of the **reopener event** by exercising reasonable diligence at reasonable cost; and
 - (iii) whether **Transpower's** planned **capex** and **opex** for the remainder of the **regulatory period** have been appropriately reviewed and reprioritised; and
 - (d) in the case of a **catastrophic event**, the extent to which **Transpower** has demonstrated that it has reviewed its planned **capex** and **opex** for the remainder of the **regulatory period** and made such substitutions as are

possible without adversely affecting its ability to meet the **grid output targets** associated with **revenue-linked grid output measures**.

- (2) Subclause (1)(d) does not limit subclause (1)(c)(iii).

3.7.11 Amending IPP after reconsideration

- (1) If the **Commission** decides that the **IPP** should be amended, the **Commission** may amend any 1 or more of the following that are specified in the **IPP determination**:

(a) price path;

~~(a)~~ (ab) quality standard values (that is, any value that, if met, means a quality standard is attained);

(b) **grid output targets**;

(c) **caps**;

(d) **collars**; and

(e) **grid output incentive rates** associated with **revenue-linked grid output measures**.

- (2) The **Commission** will not amend the **IPP**-

(a) in the case of **large buildup in EV account balance**, more than is reasonably necessary to take account of the change in **forecast EV adjustment** on the basis of the buildup; and

(b) in any other case,-

(i) more than is reasonably necessary to mitigate the effect of the **reopener event** on the **IPP**;

(ii) more than is reasonably necessary to take account of the change resulting from the **reopener event** net of any insurance or compensatory entitlements; and

(iii) by more than the prudent net additional expenditure incurred in responding to the **reopener event**.

SECTION 4 Amendment of IPP for approved capex

3.7.12 Consideration for approved capex

(1) Once in each **disclosure year** commencing in a **regulatory period** except for the last **disclosure year**, the **Commission** must reconsider the **IPP** in respect of the remaining **disclosure years** commencing in the **regulatory period** to take account of the following on the **forecast SMAR**:

- (a) the revenue impact of **major capex** approved by the **Commission**; and
- (b) the revenue impact of any **base capex** approved by the **Commission** for a **listed project**.

~~(b)~~(2) At the time specified in the **IPP determination**, **Transpower** must provide the information specified in the **IPP determination** to enable the **Commission** to reconsider the **IPP**.

~~(2)~~(3) If the **Commission** decides, having reconsidered the **IPP** under subclause (1), that the **IPP** should be amended, the **Commission** may amend any 1 or more of the following that are specified in the **IPP determination**:

- (a) price path;
- ~~(a)~~ (ab) quality standard values (that is, any value that, if met, means a quality standard is attained);
- (b) **grid output targets**;
- (c) **caps**;
- (d) **collars**; and
- (e) **grid output incentive rates** associated with **revenue-linked grid output measures**.

(4) The **Commission** must publish a notice on its website of each of the following matters as soon as practicable after—

- (a) the **Commission** decides whether or not to reconsider the **IPP**; and
- (b) the **Commission** decides whether or not to amend the **IPP**.