

[Draft] Transpower Individual Price-Quality Path Amendment Determination 2023 (No.2)

[2023] NZCC [XX]

The Commission: Vhari McWha
Sue Begg
Dr Derek Johnston
Bryan Chapple

Date of Decision: [Day] [Month] 2023

[Signature]

Dated at Wellington this [date] day of [month] 2023

COMMERCE COMMISSION

Wellington, New Zealand

Determination history		
Determination date	Decision number	Determination name
14 November 2019	[2019] NZCC 19	Transpower Individual Price-Quality Path Determination 2020 ('principal determination')
7 October 2021	[2021] NZCC 19	Transpower Individual Price-Quality Path Amendment Determination 2021 (No. 1)
22 November 2022	[2022] NZCC 37	Transpower Individual Price-Quality Path Amendment Determination 2022 (No. 1)
10 August 2023	[2023] NZCC 22	Transpower Individual Price-quality Path Amendment Determination 2023 (No. 1)
[XX]	[XX]	Transpower Individual Price-Quality Path Amendment Determination 2023 (No.2)

[Drafting notes:

- This amendment determination amends the Transpower Individual Price-Quality Path Determination 2020 [2019] NZCC 19.
- The amendment is made under s 52Q of the Commerce Act 1986.]

Transpower Individual Price-Quality Path Amendment Determination 2023 (No.2)

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

1. TITLE

- 1.1 This determination is the Transpower Individual Price-Quality Path Amendment Determination 2023 (No.2) [2023] NZCC XX.

2. DETERMINATION AMENDED

- 2.1 This determination amends the Transpower Individual Price-Quality Path Determination 2020 [2019] NZCC 19 (the **principal determination**).

3. COMMENCEMENT

- 3.1 This determination comes into force on the date on which notice of the determination is given in the New Zealand Gazette in accordance with section 52Q(4) of the **Act**.

4. PRINCIPAL DETERMINATION AMENDMENTS

- 4.1 In clause 29.1.6(c) (opex allowance excluding operating lease payments capitalised in accordance with the Transpower IM for the purpose of the ex-post economic gain or loss, for the disclosure year from 1 July 2022 to 30 June 2023) of the **principal determination**, replace “\$286.0 million” with “\$290.3 million”.
- 4.2 In clause 29.1.6(d) (opex allowance excluding operating lease payments capitalised in accordance with the Transpower IM for the purpose of the ex-post economic gain or loss, for the disclosure year from 1 July 2023 to 30 June 2024) of the **principal determination**, replace “\$295.5 million” with “\$299.9 million”.
- 4.3 In clause 29.1.6(e) (opex allowance excluding operating lease payments capitalised in accordance with the Transpower IM for the purpose of the ex-post economic gain or loss, for the disclosure year from 1 July 2024 to 30 June 2025) of the **principal determination**, replace “\$295.9 million” with “\$299.8 million”.
- 4.4 In clause 33.2.3 (forecast opex for the purposes of calculating the opex incentive amount for the Incremental rolling incentive scheme, for the disclosure year from 1 July 2022 to 30 June 2023) of the **principal determination**, replace “\$296.0 million” with “\$300.3 million”.
- 4.5 In clause 33.2.4 (forecast opex for the purposes of calculating the opex incentive amount for the Incremental rolling incentive scheme, for the

disclosure year from 1 July 2023 to 30 June 2024) of the **principal determination**, replace “\$305.6 million” with “\$310.0 million”.

- 4.6 In clause 33.2.5 (forecast opex for the purposes of calculating the opex incentive amount for the Incremental rolling incentive scheme, for the disclosure year from 1 July 2024 to 30 June 2025) of the **principal determination**, replace “\$306.2 million” with “\$310.1 million”
- 4.7 In Schedule C4 (Approved standard incentive rate base capex summary – expenditure basis) of the **principal determination**, at row Disclosure year ending 30 June 2023, in Column 6 replace “\$17.7 million” with “\$19.8 million”.
- 4.8 In Schedule C4 (Approved standard incentive rate base capex summary – expenditure basis) of the **principal determination**, at row Disclosure year ending 30 June 2024, in Column 6 replace “\$16.0 million” with “\$17.9 million”.
- 4.9 In Schedule C4 (Approved standard incentive rate base capex summary – expenditure basis) of the **principal determination**, at row Disclosure year ending 30 June 2025, in Column 6 replace “\$1.9 million” with “\$3.8 million”.
- 4.10 In Schedule C4 (Approved standard incentive rate base capex summary – expenditure basis) of the **principal determination**, at row Disclosure year ending 30 June 2023, in Column 7 replace “\$291.6 million” with “\$293.7 million”.
- 4.11 In Schedule C4 (Approved standard incentive rate base capex summary – expenditure basis) of the **principal determination**, at row Disclosure year ending 30 June 2024, in Column 7 replace “\$296.0 million” with “\$297.9 million”.
- 4.12 In Schedule C4 (Approved standard incentive rate base capex summary – expenditure basis) of the **principal determination**, at row Disclosure year ending 30 June 2025, in Column 7 replace “\$302.1 million” with “304.0 million”.

Explanatory note

1. This amendment determination makes changes to the **principal determination** to give effect to the Commerce Commission’s decisions to amend Transpower’s individual price-quality path to allow for recovery of its costs to implement the new Transmission Pricing Methodology.
2. Attachment A demonstrates the above changes to Schedule C4 of the **principal determination**, but does not form part of this amendment determination.

Attachment A: Amendments to the IPP Schedule C4 due to the enhancement and development base capex projects reopener

IPP Schedule C4: Approved standard incentive rate base capex summary – expenditure basis (excluding capitalised operating leases)

Disclosure year ending	Value of standard incentive rate base capex allowance as determined 29 August 2019	Incremental approved listed project base capex determined in 2020	Incremental approved listed project base capex determined in 2021	Incremental approved listed project base capex determined in 2022	Incremental approved listed project base capex determined in 2023	Approved standard incentive rate base capex allowance for purposes of base capex expenditure adjustments in the disclosure year (sum of amounts in columns 2 to 6)
[Column 1]	[Column 2]	[Column 3]	[Column 4]	[Column 5]	[Column 6]	[Column 7]
30 June 2021	\$222.9 million	N/A	N/A	N/A	N/A	\$222.9 million
30 June 2022	\$277.3 million	\$XX.X million	N/A	\$2.0 million	N/A	\$279.3 million
30 June 2023	\$273.9 million	\$XX.X million	\$X.X million	N/A	\$17.7 million \$19.8 million	\$291.6 million \$293.7 million
30 June 2024	\$280.0 million	\$XX.X million	\$X.X million	\$X.X million	\$16.0 million \$17.9 million	\$296.0 million \$297.9 million
30 June 2025	\$300.2 million	\$XX.X million	\$X.X million	\$X.X million	\$1.9 million \$3.8 million	\$302.1 million \$304.0 million

Note: this Attachment does not form part of the amendment determination.