



TRANSPOWER

Keeping the energy flowing

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6 October 2022

By email Infrastructure.regulation@comcom.govt.nz

Transpower's 2020-2025 IPP: Draft Decision on Enhancement and Development Base Capex Projects – 21 September 2022

Dear Matt

Transpower appreciates the Commission's careful consideration of our E&D reopener application. We consider that the process has worked very well, particularly as this is the first time this type of reopener has been used for Transpower. While this type of mechanism does create additional administrative burden during a Regulatory Control Period (RCP), we believe it provides needed flexibility to react to changes in demand and generation.

We note the Commission's draft decision not to approve an allowance for the Otahuhu-Whakamaru C Installation of Variable Line Ratings project (estimated cost \$0.55m), on the basis that it does not consider that it will be required "due to the likely continued availability of the Huntly Rankine units in this period".¹ While we appreciate the Commission's view that the unit may not be decommissioned during RCP3, we consider that it is possible that these units may at times not be offered to the market during RCP3. If we are not successful in this application, we will consider the need and deliverability of this investment in the later part of RCP3.

We also note that as per clause 8.3.3 of Transpower's Individual Price-Quality Path determination, Transpower must provide to the Commission and publicly disclose, no later than 80 days after the end of the prior complete disclosure year any proposed update to

¹ [Transpower27s-2020-2025-IPP-Draft-decision-on-enhancement-and-development-base-capex-projects-21-September-2022.pdf \(comcom.govt.nz\)](#), page 4.

forecast MAR and forecast SMAR for the remaining pricing years.² Any incremental update to forecast MAR and forecast SMAR for year 4 of RCP3 would require this application by 21 October 24. This is infeasible as cross-submissions are due on 19 October, and independent assurance and Director certification is required as part of our application. As such, an update to MAR and SMAR cannot be made for year 4.

In Appendix A, we have provided a revised Schedule A with revenue recovery beginning in year 5 of RCP3.

Please do not hesitate to contact me [REDACTED] if you have any questions.

Kind regards,



Joel Cook

Head of Regulation

² [Consolidated-Transpower-individual-price-quality-path-determination-2020-7-October-2021.pdf \(comcom.govt.nz\)](#)

Appendix A: Schedule A

Forecast MAR applied to pricing years in RCP3 ending	Forecast MAR is calculated based on building block values for the disclosure year ending	Initial determined value of forecast MAR for pricing year	Incremental update to forecast MAR determined in 2020	Incremental update to forecast MAR determined in 2021	Incremental update to forecast MAR determined in 2022	Incremental update to forecast MAR determined in 2023	Total forecast MAR applicable to the pricing year (sum of columns 3 to 7)	Forecast SMAR applicable to the pricing years in RCP3
Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
31-Mar-21	30-Jun-21	810.6 million					810.6 million	788.7 million
31-Mar-22	30-Jun-22	795.6 million	0.0				795.6 million	798.8 million
31-Mar-23	30-Jun-23	790.9 million	0.0	0.0			790.9 million	809.0 million
31-Mar-24	30-Jun-24	821.3 million	0.0	0.0	0.0		821.3 million	819.0 million
31-Mar-25	30-Jun-25	824.4 million	0.0	0.0	0.0	1.8 million	826.2 million	831.1 million