



**Vector Limited**  
101 Carlton Gore Road  
PO Box 99882, Newmarket  
Auckland 1149, New Zealand  
[www.vector.co.nz](http://www.vector.co.nz)  
Corporate Telephone  
+64-9-978 7788  
Corporate Facsimile  
+64-9-978 7799

31 March 2014

Brett Woods  
Senior Analyst  
Regulation Branch  
Commerce Commission  
WELLINGTON

Dear Brett,

### **Proposed amendments to input methodologies for Transpower**

1. Vector welcomes the opportunity to make a submission to the Commerce Commission (Commission) on its consultation paper, *Proposed amendments to input methodologies for Transpower*, dated 11 March 2014. No part of Vector's submission is confidential.
2. Overall, Vector supports the Commission's proposed amendments to Transpower's Input Methodologies (IMs). We consider that the proposals appropriate in light of the issues they seek to address.
3. In particular, we support the proposal to allow for *part-year depreciation for assets in the year of commissioning*, for regulatory purposes. To this end, we agree that the IMs should be amended to allow Transpower to calculate depreciation in accordance with GAAP, instead of the current IM formula, to address the issue of diverging accounting treatments.
4. Furthermore, this issue of diverging accounting treatments is commonly faced by other regulated businesses (as well as Transpower) under clauses 2.2.5(1) and (2), of the IMs for Electricity and Gas Distribution, and Gas Transmission.
5. Therefore, Vector **recommends** that if the Commission goes forward with its proposal to amend clauses 2.2.4(1) and (2) of Transpower's IMs, it should also amend the equivalent provisions in the electricity distribution and gas pipeline IMs. There is no reason to apply a different approach to this issue for Transpower compared to electricity distribution and gas pipeline businesses.
6. If you require any further information, please contact me on 09 9788277 or [Ian.Ferguson@vector.co.nz](mailto:Ian.Ferguson@vector.co.nz).

Yours sincerely,

A handwritten signature in blue ink that reads "I. Ferguson".

Ian Ferguson  
**Regulatory Policy Manager**