



27 June 2014

Regulation Branch  
Commerce Commission  
By email: [regulation.branch@comcom.govt.nz](mailto:regulation.branch@comcom.govt.nz)

### **Setting Transpower's Individual Price-Quality Path for 2015-2020**

Meridian welcomes the opportunity to provide feedback on the Commerce Commission's draft decision on Transpower's Individual Price-Quality Path (IPP) for 2015-2020.

Meridian's key points are as follows:

- We support including an HVDC 'energy availability' target of 98.5% as part of Transpower's suite of grid output measures. Meridian agrees such a target should be revenue linked, given the importance of HVDC operation to the broader market.
- We support the Commission's suggestion, as described in paragraph G26 of the decision paper, that Transpower develop processes to optimise the timing of planned outages taking into account their market impact. We agree with the Commission's statement that optimising the timing of outages to reduce impacts on the market will benefit consumers. We understand the need for any performance targets linked to financial incentives to be robust. We encourage Transpower and the Commission to set clear targets for the development of market impact metrics, so that such a measure could be incorporated in any financial incentive regime from Regulatory Control Period 3.
- We support the Commission providing Transpower with the ability to request approval to spread EV (economic value) adjustments over more than one pricing year, in order to avoid price shocks.
- We acknowledge Transpower's undertaking to establish regular revenue forecast updates throughout the year, as stated in their cross-submission on the IPP Issues Paper. We consider this will provide useful information to customers affected by the wash-up process. We agree with Transpower that providing such an update in June and potentially in response to significant shifts in the commissioning dates of major capex projects would be appropriate.
- We note the Commission has proposed reducing Transpower's ICT capex allowance, including a \$15.1 million allocation for a new TPM system. Does the Commission expect that Transpower would fund the development of a new TPM

system through its general ICT capex allocation, should this be required during the 2015-2020 period?

Please contact me if you have any questions regarding this submission.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'M. Hall', is positioned above the printed name.

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