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Matthew Clark
Acting Manager, Regulatory Developments
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New Zealand

Sent by email to: regulation.branch@comcom.govt.nz

2 October 2019

Dear Matthew

Powerco technical submission on [DRAFT] Electricity Distribution Services *Input Methodologies Amendments Determination (No. 2) 2019 (Draft Determination)*

Powerco appreciates the opportunity to provide feedback on the Commerce Commission's Draft Determination. We note however that our ability to comment constructively relies on a complete and correct interpretation of the associated Draft Decision¹, which remains unclear in parts.

Despite this ambiguity we would like to understand why the Commission intends to differentiate "lease expense" from "lease payments". We believe removing the term "lease expense" in favor of "lease payments" as defined under GAAP would be simpler and would achieve a comparable outcome. If the Commission were to retain "lease expense" we ask to have the components of that formula defined.

And, as stated in our cross-submission of the associated Draft Decision, Powerco would be pleased to host or support a meeting for interested parties to ensure the Draft Determination aligns with that paper.

If you have any questions on this submission, or would like to discuss these issues further, please contact Leisa Patel (Leisa.Patel@powerco.co.nz).

Yours sincerely

A handwritten signature in blue ink, appearing to be "Stuart Marshall".

Stuart Marshall
General Manager Regulation and Commercial

¹ Treatment of operating leases – Draft decisions and reasons paper