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**Reconsideration of Transpower’s individual price-quality path in response to the Electricity Authority’s decision on Transmission Pricing Methodology guidelines-proposed changes to 2020-21 expenditure allowances for the costs of the TPM development**

This is Vector’s submission on the Commerce Commission’s (Commission) consultation on reconsidering Transpower’s individual price-quality path (IPP) in response to the Electricity Authority’s (Authority) decision on Transmission Pricing Methodology (TPM) guidelines.

The Commission proposes to amend Transpower’s IPP to allow Transpower to recover costs incurred in 2020-21 developing the TPM. The draft decision states these costs are of relatively low materiality and are substantially lower than the 1% revenue threshold used as a benchmark for price-path reconsideration.

Distributors also have, and continue to, incur costs implementing regulatory changes imposed by the Authority and by other regulators. Furthermore, distributors have also incurred costs engaging in the TPM consultation process. In principle, if the Commission is willing to amend Transpower’s IPP to recover costs below the 1% revenue threshold, then it should be willing to take the same approach for distributors.

Accordingly, we request the Commission work with the Authority to ensure distributor costs driven by the Authority are also taken into account. The Commission’s reasoning in the draft decision that the Part 4 purpose is best promoted by ensuring Transpower has incentives to continue to invest to deliver the TPM will equally apply to distributors implementing regulatory changes the Authority has determined will promote the long-term benefit of consumers.

We also note the draft decision provides little detail about what Transpower's TPM expenditure involves. We consider the Commission should provide greater transparency about this expenditure.

Yours sincerely



**Richard Sharp**  
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