

From: Ralph Matthes [mailto:[]]
Sent: Wednesday, 9 May 2018 4:55 p.m.
To: regulation.branch
Cc: Karen Smith
Subject: Capex IM review – Submission on ITP amendment'

Hi Tracey
cc Karen

This is a submission by MEUG on the CC email request of 2 May 2018 to change ITP requirements as proposed by Transpower. Refer email below.

MEUG members have been consulted in the preparation of this submission. This submission is not confidential.

MEUG supports the proposed amendment to remove the requirement for Transpower to table an ITP update in September of the same year that in December Transpower tables its IPP proposal for the next RCP.

Kind regards
Ralph
M []

From: regulation.branch [mailto:regulation.branch@comcom.govt.nz]
Sent: Wednesday, 2 May 2018 12:11 PM
Subject: Commerce Commission – Technical submissions received on our revised draft capex IM determination, and consultation on proposed change to ITP requirements

Good afternoon

Technical submissions published

Technical submissions on our revised draft determination for the Transpower capital expenditure input methodology review (capex IM review) are available on our website at:

<http://www.comcom.govt.nz/regulated-industries/input-methodologies-2/transpower-input-methodologies/capex-input-methodology-review/>.

The submissions are from:

- MEUG
- Transpower

We thank these parties for their submissions.

Consultation on proposed change to Integrated Transmission Plan (ITP) requirements

Clause 2.1.1 of the capex IM requires Transpower to submit an ITP to the Commission no later than the first working day in the December sixteen months before the start of a regulatory period. This is the same as the due date for Transpower's IPP proposal for the next regulatory period.

Clause 3.1.1(1) of the capex IM requires Transpower to submit to the Commission certain updates relating to its ITP in September each year. Clause 3.1.1(2) provides an exception: that an update is not required during the last disclosure year of a Regulatory Control Period (RCP).

In its technical submission on the revised draft capex IM determination, Transpower submitted that, in the year it submits its IPP proposal (ie, the penultimate disclosure year of an RCP), it could be confusing for consumers and could distract Commission and Transpower resources during the IPP proposal process for Transpower to submit an updated ITP in September (as required by clause 3.1.1(1)), and then a full ITP in December (as required by clause 2.1.1).

Transpower suggested the exception in clause 3.1.1(2) could also apply to the penultimate disclosure year, with no consequence to the informational value of the ITP.

Having considered Transpower's submission on this point, we propose to amend the capex IM to remove the requirement for Transpower to provide an updated ITP in the September of the penultimate disclosure year of an RCP where they will be providing a full ITP in December. We propose this change on the basis that there is very little (if any) value in requiring Transpower to provide an ITP update in September and then a full ITP a few months later in December.

We propose to give effect to this change by extending the exception in clause 3.1.1(2) that currently applies only to the final disclosure year of an RCP, to also apply in the penultimate disclosure year of an RCP. By way of example, for the years 2018 to 2025, this would mean:

- In 2018, Transpower would be required to provide a full ITP in December with its RCP3 proposal. Transpower would not be required to provide an ITP update in 2018.
- In 2019, Transpower would not be required to provide a full ITP or an ITP update.
- In 2020, Transpower would be required to provide an ITP update in September.
- In 2021, Transpower would be required to provide an ITP update in September.
- In 2022, Transpower would be required to provide an ITP update in September.
- In 2023, Transpower would be required to provide a full ITP in December with its RCP4 proposal. Transpower would not be required to provide an ITP update in 2023.
- In 2024, Transpower would not be required to provide a full ITP or an ITP update.
- In 2025, Transpower would be required to provide an ITP update in September.

We are seeking submissions on this proposed amendment by 5pm on Wednesday 9 May 2018. Please address submissions, using 'Capex IM review – Submission on ITP amendment' in the subject header, to:

Keston Ruxton
Manager, EAD Regulation Development
Regulation Branch
regulation.branch@comcom.govt.nz

Next steps

Following our review of technical submissions on the revised draft capex IM determination, and submissions on our proposed ITP amendment described above, we expect to publish our final determination by the end of May 2018.

Kind regards

Keston Ruxton
Manager, EAD - Regulation Development | Regulation Branch
Commerce Commission | *Te Komihana Tauhokohoko*
44 The Terrace | PO Box 2351 | Wellington 6140 | New Zealand
DDI +64 (0)4 924 3673 | keston.ruxton@comcom.govt.nz
Follow us on Twitter [@NZComCom](https://twitter.com/NZComCom)