

04 September 2023

To: Transpower New Zealand Limited
PO Box 1021
WELLINGTON

Attention: Alison Andrew

Notice to supply information to the Commerce Commission under section 53ZD of the Commerce Act 1986 - RCP4 revenue model and forecast revenue calculations

Purpose of this notice

1. The Commerce Commission (**Commission**) requires Transpower New Zealand Limited (**Transpower**) to provide it with the information specified at **Attachment A** to this notice, which forms part of this notice, issued under section 53ZD(1)(d) and (f) of the Commerce Act 1986 (the **Act**).
2. We need this information for the purpose of carrying out our functions and exercising our powers under Part 4 of the Act. This information is required for the purpose of setting Transpower's individual price-quality path for the pricing years of the regulatory period commencing 1 April 2025 (**RCP4**). Specifically, this information is required for the purpose of setting Transpower's forecast maximum allowable revenue and forecast smoothed maximum allowable revenue for the regulatory period.
3. Under sections 52P and 53M(5) of the Act, in 2024 the Commission will determine the regulatory period that will apply for RCP4. However, for forecast information required by this notice, Transpower must present the forecast information based on an assumed five-year regulatory period for RCP4 and, where applicable, a subsequent assumed five-year regulatory period (**RCP5**).
4. The forecast information required by this notice must be calculated and presented based on data for Transpower's information disclosure years ending 30 June.

Responding to this notice

Date of response

5. **Transpower** must supply the information required by this notice to us by a secure file sharing method eg, ECHO, directed to the email address: infrastructure.regulation@comcom.govt.nz by 5 pm on **1 December 2023**.
6. Please direct any correspondence to the attention of Project Manager, Transpower and Gas and include "Transpower IPP 2025 – RCP4 revenue model and forecast revenue calculations" in the subject line of your email.

Information format

7. Please supply the information required by this notice to us in an electronic 'unlocked' MS Excel or MS Word format as appropriate, with formulas intact, so that we can easily transfer information (ie, the information is able to be 'copied and pasted').

Supporting information

Information in the public domain

8. The requirements of this notice to supply information may be satisfied by reference to relevant information that is already publicly available if the information is readily accessible and is clearly referenced in Transpower's base capex proposal or opex proposal for RCP4.

Offences under section 103 of the Act

9. We note that section 103 of the Act provides that no person shall:
 - 9.1 without reasonable excuse, refuse or fail to comply with a notice under section 53ZD of the Act; or
 - 9.2 in purported compliance with such a notice, furnish information, or produce a document, or give evidence, knowing it to be false or misleading; or
 - 9.3 attempt to deceive or knowingly mislead the Commission in relation to any matter before it.
10. It is an offence to contravene section 103 of the Act and any person who does so is liable on summary conviction to a fine not exceeding \$100,000 in the case of an individual or \$300,000 in the case of a body corporate.

Publication of supplied information and confidentiality

11. We may publish or publicly refer to the information provided by Transpower, in the context of our functions under Part 4 of the Commerce Act 1986, for the purpose of determining the IPP for RCP4.
12. If Transpower considers that there are good reasons that the Commission should not publish or publicly refer to any particular parts of its response, Transpower should:

- 12.1 specify the relevant information when providing the response to the Commission;
 - 12.2 supply both public and confidential versions of the information; and
 - 12.3 give clear reasons why Transpower considers the information is confidential.
13. If Transpower indicates that we should not publish or publicly refer to part of its response, we will discuss this with Transpower before making any disclosure.
 14. Any data or information provided to us in response to this notice that Transpower considers is confidential and should not be published, must be provided in an appendix or separate electronic file that is clearly marked as confidential. The responsibility for ensuring that confidential information is not included in a public version of information supplied to us rests entirely with Transpower.
 15. Note that all responses we receive, including parts that we decide not to publish, can be requested under the Official Information Act 1982. This means we would be required to release material (whether published or not) unless good reason existed under the Official Information Act 1982 to withhold it. We would normally consult before releasing any material that Transpower requests not to be published.

Interpretation

16. In this notice, unless the context otherwise requires, bolded terms have their meaning as set out below or as defined in the **Capex IM**:

Capex IM means the Transpower Capital Expenditure Input Methodology Determination [2012] NZCC 2 (as amended);

Draft IM Review decisions means draft decisions published by the **Commission** for the 2023 IM Review on 14 June 2023 and 21 June 2023, and as specified in paragraph 4 of Attachment A to this notice, for the purposes of estimates calculated in accordance with this notice;¹

disclosure year has the meaning given in the **Transpower IM**;

EV account has the meaning given in the **Transpower IM**;

forecast EV adjustment has the meaning given in the **Transpower IM**;

¹ The Commission is currently reviewing the Capex IM and Transpower IMs under section 52Y of the Act and will make its final decisions in December 2023. As at the date of this notice, the Commission has sought submissions on the draft IM Review decisions from stakeholders. These draft decisions are for consultation purposes and have not been determined under section 52P of the Act. They do not represent the final decisions of the Commission, which will be determined in December 2023, and are subject to change as a result of submissions received in consultation. For further information, see our website: <https://comcom.govt.nz/regulated-industries/input-methodologies/input-methodologies-for-electricity-gas-and-airports/input-methodologies-projects/2023-input-methodologies-review>.

forecast MAR has the meaning as defined in the **Transpower IM**;

forecast MAR building blocks means inputs to the calculation of the **forecast MAR** under subclauses 3.1.1(3) to (5) of the **Transpower IM**, and as described in more detail in Column 1 of Attachment C to this notice;

forecast revenue information means the **forecast MAR** and **forecast SMAR** calculations and supporting information required in this notice;

forecast SMAR has the meaning given in the **Transpower IM**;

independent means a **person** who is neither in a relationship with, nor having an interest in **Transpower** that is likely to involve a conflict of interest between the **person's** duties to **Transpower** and the **person's** duties to the **Commission**;

Independent expert means a **person** who is **independent** and is qualified to offer professional services to clients and provide an opinion as described in Attachment B to this notice;

IPP revenue growth rate has the meaning given in the **RCP3 IPP**;

person has the same meaning as defined in section 2 of the Act;

pricing year has the meaning given in the **Transpower IM**;

RCP3 means the regulatory period that commenced on 1 April 2020 and ends on 31 March 2025;

RCP3 IPP means the *Transpower Individual Price-Quality Path Determination 2020* [2019] NZCC 19 (as amended);

RCP4 means the regulatory period following **RCP3** which is forecast to commence on 1 April 2025;

RCP4 IPP means a Transpower individual price-quality path determination for **RCP4** which is forecast to be determined in December 2024;

RCP5 means the regulatory period following **RCP4**;

revenue model means the **revenue model** **Transpower** uses to calculate its **forecast MAR** and **forecast SMAR**;

Transpower has the meaning as defined in section 54B of the Act;

Transpower IM means the Commerce Act (Transpower Input Methodologies) Determination 2010 [2012] NZCC 17 (as amended).

WACC means—

- (a) for the purpose of calculating a **forecast MAR**, the 67th percentile estimate of vanilla weighted average cost of capital determined by the **Commission** in accordance with clause 3.5.5(1) of the **Transpower IM**; and
- (b) for the purpose of calculating the **forecast SMAR**, the 67th percentile estimate of post-tax weighted average cost of capital determined by the **Commission** in accordance with clause 3.5.5(2) of the **Transpower IM**.

If you have any queries in relation to this notice, please send them to the attention of Project Manager, Regulation Branch at: infrastructure.regulation@comcom.govt.nz.

Yours sincerely,



Dr Derek Johnston
Commissioner
Dated at Wellington:

Attachment A: information required

1. Under section 53ZD(1)(d) and (f) of the Act, the **Commission** requires **Transpower** to provide the information specified below.

General information

2. A summary document that shows where we can find the information provided by **Transpower** in response to the requirements set out in this notice.

Forecast revenue calculations

Revenue model and modelling scenarios

3. A copy of the **revenue model** that includes:
 - 3.1 **Scenario 1:** calculated estimates of the **forecast MAR** and **forecast SMAR** for each **pricing year** in **RCP4**, calculating a **forecast MAR** using forecast values in the **forecast MAR building blocks** and calculating a **forecast SMAR** that demonstrates **Transpower's** estimated smoothing of the price path based on the **forecast MAR** estimates for **RCP4**;
 - 3.2 **Scenario 2:** calculated estimates of the **forecast SMAR** for each **pricing year** in **RCP4** that –
 - (a) uses the price path smoothing approach in Scenario 1;
 - (b) applies the **forecast MAR** estimates for **RCP4** calculated in Scenario 1; and
 - (c) takes into account a form of smoothing of the transition between the **forecast SMAR** which was set for the final **pricing year** of **RCP3** in the **RCP3 IPP** and the estimated **forecast SMAR** for the first **pricing year** of **RCP4** as calculated in Scenario 1;
 - 3.3 **Scenario 3:** a variation of the calculated estimates in Scenario 2 which–
 - (a) use the price path smoothing approach in Scenario 1;
 - (b) applies the **forecast MAR** estimates for **RCP4** calculated in Scenario 1; and
 - (c) applies a fixed starting price **forecast SMAR** for the first **pricing year** of **RCP4** that is 15% greater than the **forecast SMAR** which was set for the final **pricing year** of **RCP3** in the most recently amended **RCP3 IPP**; and
 - 3.4 For each of Scenarios 1, 2 and 3, four Variations as follows (being 12 Variations in total):
 - (a) **Variation A:** calculated revenue excluding the estimated impacts of **RCP4** forecast commissioning of **major capex** in

respect of **major capex proposals** that **Transpower** forecasts will be approved after the setting of the **RCP4 IPP** and excluding the application of the estimated impacts of the **draft IM Review decisions**;

- (b) **Variation B:** calculated revenue including the estimated impacts of **RCP4** forecast commissioning of **major capex** in respect of **major capex proposals** that **Transpower** forecasts will be approved after the setting of the **RCP4 IPP** and excluding the application of the estimated impacts of the **draft IM Review decisions**;
- (c) **Variation C:** calculated revenue excluding the estimated impacts of **RCP4** forecast commissioning of **major capex** in respect of **major capex proposals** that **Transpower** forecasts will be approved after the setting of the **RCP4 IPP** and including the application of the estimated impacts of the **draft IM Review decisions**; and
- (d) **Variation D:** calculated revenue including the estimated impacts of **RCP4** forecast commissioning of **major capex** in respect of **major capex proposals** that **Transpower** forecasts will be approved after the setting of the **RCP4 IPP** and including the application of the estimated impacts of the **draft IM Review decisions**.

3.5 **Transpower** may at its discretion provide additional relevant scenarios or variations.

Applying key draft IM Review decisions in calculations of forecast MAR and forecast SMAR

- 4. For the purposes of Variations C and D, the relevant **draft IM Review decisions** are:
 - 4.1 RAB indexation: apply the draft decision to index **Transpower's** RAB to inflation from **RCP4** onwards, and describe any modelling simplifications used;^{2,3}
 - 4.2 Alternative depreciation profile: upon request by **Transpower** and approval by the **Commission**, apply an appropriate alternative depreciation approach during the **RCP4** reset, and describe any modelling simplifications used;^{4,5}

² *Financing and incentivising efficient expenditure during the energy transition topic paper*, 14 June 2023, para X19 to X21 and 3.60 to 3.100.

³ Refer to clause 2.2.8 of the [draft Transpower Input Methodologies \(IM Review 2023\) Amendment Determination](#) 2023, 21 June 2023.

⁴ *Financing and incentivising efficient expenditure during the energy transition topic paper*, 14 June 2023, para X22 and 3.88, 3.98 and 3.99

⁵ Refer to clause 2.2.5 of the [draft Transpower Input Methodologies \(IM Review 2023\) Amendment Determination](#) 2023, 21 June 2023.

- 4.3 **Base capex and major capex:** use the draft \$30 million base capex threshold and vary the base capex and **major capex** assumptions as necessary;^{6,7} and
- 4.4 WACC: use the draft 65th percentile estimates of WACC in place of the 67th percentile estimates.^{8,9}
5. For the purposes of Variations C and D, information on any necessary amendments made to the **forecast MAR building blocks** for these variations to give effect to the relevant **draft IM Review decisions** described in paragraph 4 of this Attachment A to this notice.
6. Note that the **draft IM Review decisions** are subject to stakeholder consultation and finalisation of decisions by the **Commission**, and in particular:
- 6.1 inclusion of the **draft IM Review decisions** in estimates calculated under this notice is to assist the **Commission** in its decision-making for the **RCP4** reset and this should not be read as these draft decisions being final;
- 6.2 these draft decisions are for consultation purposes and have not been determined under section 52P of the Act. They do not represent the final decisions of the **Commission**, which will be determined in December 2023 and are subject to change as a result of submissions received in consultation; and
- 6.3 **Transpower's** response to this notice is not to be regarded as part of the record for the IM Review.

Price path summary and key assumptions

7. In nominal and real terms, a comparison of **Transpower's forecast revenue information** for each **pricing year** of **RCP4**, showing for each scenario and variation in paragraph 3 of Attachment A to this notice:
- 7.1 the difference between the **forecast SMAR** for the final **pricing year** of **RCP3** and the estimated **forecast SMAR** for the first **pricing year** of **RCP4**; and
- 7.2 the difference between the estimated **forecast SMAR** for the final **pricing year** of **RCP4** and the estimated **forecast SMAR** for the first **pricing year** of **RCP5**.
8. A summary of key assumptions made in estimating the **forecast SMAR** for the first **pricing year** of **RCP5**, including assumptions made on the **forecast MAR** for the first **pricing year** of **RCP5** and the method of smoothing of the price path for the

⁶ *Transpower investment topic paper*, 14 June 2023, para X30 to X32 and Chapter 7.

⁷ Refer to the definition of 'base capex threshold' in clause 1.1.5(2) of the [draft Transpower Capital Expenditure Input Methodology \(IM Review 2023\) Amendment Determination 2023](#), 21 June 2023.

⁸ *Cost of capital topic paper*, 14 June 2023, Chapter 6.

⁹ Refer to the definition of '65th percentile estimate of WACC' in clause 1.1.4(2) of the [draft Transpower Input Methodologies \(IM Review 2023\) Amendment Determination 2023](#), 21 June 2023.

transition between the **forecast SMAR** for the final **pricing year** of **RCP4** and the **forecast SMAR** for the first **pricing year** of **RCP5**.

Forecast EV account balance at the end of RCP3

9. A forecast of the balance of **Transpower's EV account** as at the end of the last **disclosure year** of RCP3, including any forecast wash-up amount for that last **disclosure year**.

Calculation of forecast EV adjustment amounts

10. Prepare and provide equal **forecast EV adjustments** for each **pricing year** of **RCP4** to be applied in the **forecast MAR** building blocks.
11. Derive and provide the equal **forecast EV adjustments** in paragraph 10 of Attachment A to this notice by applying to the estimated balance of **Transpower's EV account**, in paragraph 9 of Attachment A to this notice, above, the method required in clause 3.1.1(5) of the **Transpower IM** and which is described in more detail in clauses 32.1.6 to 32.3 of the **RCP3 IPP**.

Forecast pass-through costs and recoverable costs

12. An aggregated summary of **Transpower's** forecast pass-through costs and forecast **recoverable costs** for each **pricing year** of **RCP4** in accordance with the requirements of subclauses 3.1.1(4)(c) and (d) of the **Transpower IM** and which are described in more detail in Formula J and Formula K in the **forecast MAR building blocks** in Attachment C to this notice.

Calculations of forecast MAR and forecast SMAR

13. In calculating the **forecast MAR** for the above Scenarios, **Transpower** must apply the following input assumptions, as appropriate:
 - 13.1 use the relevant proposed **operating expenditure** allowance and **base capex** allowance values based on values in the **RCP4 opex proposal** and **RCP4 base capex proposal**;
 - 13.2 take into account the forecast commissioning of **major capex** that has already been approved by the **Commission**;
 - 13.3 roll forward **RCP3** RAB values to an estimated **RCP4** opening RAB value using forecasts of asset commissioning in **RCP3** as necessary;
 - 13.4 apply the **forecast MAR** building blocks;
 - 13.5 apply the input methodologies in the **Transpower IM**, and including the application of the estimated impacts of the **draft IM Review decisions** in Variations C and D, as applicable;
 - 13.6 apply the input methodologies in the **Capex IM**, as applicable; and

- 13.7 use the 67th percentile estimate of vanilla WACC, and use the draft 65th percentile estimate of WACC in place of the 67th percentile estimate in Variations C and D, as applicable.
14. In calculating the **forecast SMAR** amount for each **pricing year** of **RCP4** under the above Scenarios, **Transpower** must apply the following input assumptions as appropriate:
- 14.1 apply the calculation method described in clause 3.1.1 of the **Transpower IM**;
- 14.2 use the **forecast MAR** values calculated under paragraphs 3 and 13 of Attachment A to this notice; and
- 14.3 use an estimate of the **IPP revenue growth rate** as relevant to each Scenario and Variation. **Transpower** must provide explanations to the **Commission** of the estimated values used.

Independent review of required information

15. An independent expert review opinion from a suitably qualified independent expert addressed to **Transpower** and provided to the **Commission** in accordance with the requirements set out in Attachment B.
16. This independent expert review opinion is to be the result of a review engagement and will not constitute an audit opinion or an assurance opinion. The **Commission** will separately seek that **Transpower** procures an assurance opinion on **Transpower's** revenue calculation after we make key decisions relating to the **RCP4** price-quality path in August 2024 and set the WACC rate that will apply for **RCP4** in October 2024.

Attachment B: Independent review engagement

1. an independent expert review opinion from a suitably qualified independent expert in respect of the **forecast MAR** and **forecast SMAR** calculations required under Attachment A to this notice (together, the **forecast revenue information**) that:
 - 1.1 is prepared in accordance with a review engagement carried out under the independent expert's area of expertise, and signed by the independent expert, either in his or her own name or that of his or her firm;
 - 1.2 is addressed to the senior management of **Transpower**;
 - 1.3 is to be provided to the **Commission**;
 - 1.4 is available to be published by **Transpower** and the **Commission**; and
 - 1.5 states:
 - (a) the expert review is the result of a review engagement and does not constitute an audit opinion or an assurance opinion;
 - (b) the work undertaken to be able to come to the expert opinion;
 - (c) the scope and any limitations of the work undertaken;
 - (d) the existence of any relationship which the expert has with, or any interests which the expert has in, **Transpower** or any of its subsidiaries;
 - (e) whether the expert has obtained sufficient recorded information and explanations to enable their opinion and, if not, the information and explanations not obtained;
 - 1.6 meets the following minimum scope requirements for the review:
 - (a) review of all inputs and input assumptions against historical information, relevant **Commission** determinations and this notice, as required;
 - (b) review of the integrity and consistency of the revenue calculations for each Scenario and Variation above; and
 - (c) review of **Transpower's** compliance or otherwise with this notice.

Attachment C: Forecast MAR building blocks (under existing input methodologies)

FORECAST MAR BUILDING BLOCK	DESCRIPTION OF NOMINAL VALUE INPUT TO BE APPLIED	FORMULA FOR FORECAST INCOME/ EXPENDITURE/ OTHER NOMINAL VALUES	CASH FLOW TIMING FACTOR TO APPLY TO FORECAST NOMINAL VALUE INPUT	FORECAST MAR BUILDING BLOCK VALUE
[Column 1]	[Column 2]	[Column 3]	[Column 4]	[Column 5]
WACC	WACC	A1	WACC = A1	
WACC return on forecast opening RAB value	Forecast sum of opening RAB value for the disclosure year	B	$A1 / (1 + A1)^{163/365}$	$B \times A1 / (1 + A1)^{163/365}$
WACC return on forecast VCA _{JUL}	Forecast sum of value of commissioned asset for the month in the disclosure year	C1	$((1 + A1)^{349.5/365} - 1) / (1 + A1)^{163/365}$	$C1 \times ((1 + A1)^{349.5/365} - 1) / (1 + A1)^{163/365}$
WACC return on forecast VCA _{AUG}		C2	$((1 + A1)^{318.5/365} - 1) / (1 + A1)^{163/365}$	$C2 \times ((1 + A1)^{318.5/365} - 1) / (1 + A1)^{163/365}$
WACC return on forecast VCA _{SEP}		C3	$((1 + A1)^{288/365} - 1) / (1 + A1)^{163/365}$	$C3 \times ((1 + A1)^{288/365} - 1) / (1 + A1)^{163/365}$
WACC return on forecast VCA _{OCT}		C4	$((1 + A1)^{257.5/365} - 1) / (1 + A1)^{163/365}$	$C4 \times ((1 + A1)^{257.5/365} - 1) / (1 + A1)^{163/365}$
WACC return on forecast VCA _{NOV}		C5	$((1 + A1)^{227/365} - 1) / (1 + A1)^{163/365}$	$C5 \times ((1 + A1)^{227/365} - 1) / (1 + A1)^{163/365}$
WACC return on forecast VCA _{DEC}		C6	$((1 + A1)^{196.5/365} - 1) / (1 + A1)^{163/365}$	$C6 \times ((1 + A1)^{196.5/365} - 1) / (1 + A1)^{163/365}$
WACC return on forecast VCA _{JAN}		C7	$((1 + A1)^{165.5/365} - 1) / (1 + A1)^{163/365}$	$C7 \times ((1 + A1)^{165.5/365} - 1) / (1 + A1)^{163/365}$

FORECAST MAR BUILDING BLOCK	DESCRIPTION OF NOMINAL VALUE INPUT TO BE APPLIED	FORMULA FOR FORECAST INCOME/ EXPENDITURE/ OTHER NOMINAL VALUES	CASH FLOW TIMING FACTOR TO APPLY TO FORECAST NOMINAL VALUE INPUT	FORECAST MAR BUILDING BLOCK VALUE
[Column 1]	[Column 2]	[Column 3]	[Column 4]	[Column 5]
WACC return on forecast VCA _{FEB}	Forecast sum of value of commissioned asset for the month in the disclosure year	C8	$((1 + A1)^{136/365} - 1) / (1 + A1)^{163/365}$	$C8 \times ((1 + A1)^{136/365} - 1) / (1 + A1)^{163/365}$
WACC return on forecast VCA _{MAR}		C9	$((1 + A1)^{106.5/365} - 1) / (1 + A1)^{163/365}$	$C9 \times ((1 + A1)^{106.5/365} - 1) / (1 + A1)^{163/365}$
WACC return on forecast VCA _{APL}		C10	$((1 + A1)^{76/365} - 1) / (1 + A1)^{163/365}$	$C10 \times ((1 + A1)^{76/365} - 1) / (1 + A1)^{163/365}$
WACC return on forecast VCA _{MAY}		C11	$((1 + A1)^{45.5/365} - 1) / (1 + A1)^{163/365}$	$C11 \times ((1 + A1)^{45.5/365} - 1) / (1 + A1)^{163/365}$
WACC return on forecast VCA _{JUN}		C12	$((1 + A1)^{15/365} - 1) / (1 + A1)^{163/365}$	$C12 \times ((1 + A1)^{15/365} - 1) / (1 + A1)^{163/365}$
Total forecast capital charge	Sum of forecast MAR building block values for formulas B through C12			Sum D = Sum of forecast MAR building block values B to C12

FORECAST MAR BUILDING BLOCK	DESCRIPTION OF NOMINAL VALUE INPUT TO BE APPLIED	FORMULA FOR FORECAST INCOME/ EXPENDITURE/ OTHER NOMINAL VALUES	CASH FLOW TIMING FACTOR TO APPLY TO FORECAST NOMINAL VALUE INPUT	FORECAST MAR BUILDING BLOCK VALUE
[Column 1]	[Column 2]	[Column 3]	[Column 4]	[Column 5]
Forecast depreciation	Forecast depreciation	E	$1 / (1 + A1)^{163/365}$	$E / (1 + A1)^{163/365}$
Operating expenditure	Opex allowance	F	$(1 + A1)^{19/365}$	$F \times (1 + A1)^{19/365}$
Forecast tax	Forecast regulatory tax allowance	G	$(1 + A1)^{19/365}$	$G \times (1 + A1)^{19/365}$
Forecast TCSD	Forecast term credit spread differential allowance, calculated in accordance with Part 3, Subpart 5 of the Transpower IM	H	$(1 + A1)^{19/365}$	$H \times (1 + A1)^{19/365}$
Forecast EV adjustment	Forecast EV adjustment , including a tax gross up calculated at the corporate tax rate	I	$1 / (1 + A1)^{163/365}$	$I / (1 + A1)^{163/365}$

FORECAST MAR BUILDING BLOCK	DESCRIPTION OF NOMINAL VALUE INPUT TO BE APPLIED	FORMULA FOR FORECAST INCOME/ EXPENDITURE/ OTHER NOMINAL VALUES	CASH FLOW TIMING FACTOR TO APPLY TO FORECAST NOMINAL VALUE INPUT	FORECAST MAR BUILDING BLOCK VALUE
[Column 1]	[Column 2]	[Column 3]	[Column 4]	[Column 5]
Forecast pass-through costs	Forecast pass-through costs in accordance with Part 3, Subpart 1 of the Transpower IM	J	$(1 + A1)^{19/365}$	$J \times (1 + A1)^{19/365}$
Forecast recoverable costs	Forecast recoverable costs in accordance with Part 3, Subpart 1 of the Transpower IM	K	$(1 + A1)^{19/365}$	$K \times (1 + A1)^{19/365}$
TOTAL FORECAST MAR INCLUSIVE OF FORECAST PASS-THROUGH COSTS AND FORECAST RECOVERABLE COSTS	Sum of forecast MAR building block values			Sum L = Sum D plus sum of forecast MAR building block values E to K