

5 July 2024

Transpower New Zealand Ltd  
Attention: [REDACTED]  
Waikoukou  
22 Boulcott Street  
PO Box 1021  
Wellington, 6011

By e-mail only: [REDACTED]

Tēnā koe Calum,

**Exemptions under the Transpower Individual Price-quality Path Determination 2020 with respect to HVAC and HVDC transmission revenues**

1. On 30 January 2024, Transpower New Zealand Limited (**Transpower**) requested that the Commerce Commission (the **Commission**) grant Transpower two exemptions from requirements to disclose information. The two exemption requests relate to:
  - 1.1 the Transpower Information Disclosure Determination 2014 (**ID Determination**); and
  - 1.2 the Transpower Individual Price-quality Path Determination 2020 (the **IPP Determination**).
2. This letter responds to and considers the exemption requested to the disclosure requirements under the IPP Determination only.
3. The IPP exemption sought is in relation to the information required to be included in Transpower's annual compliance statement. Having considered the request, we have decided to grant a conditional exemption to Transpower from the requirement to include information related to its HVAC and HVDC transmission revenues under clauses 24.1.3 and 24.1.4 of the IPP Determination. The exemption is granted on the condition that Transpower instead includes in its annual compliance statement the actual transmission revenue (as defined in the IPP Determination) received from customers.

## Background

4. The IPP Determination requires public disclosure of Transpower's annual compliance statement.<sup>1</sup> As part of this annual compliance statement, Transpower must disclose its High Voltage Alternating Current (**HVAC**) and High Voltage Direct Current (**HVDC**) transmission revenues for each disclosure year.<sup>2</sup>
5. The new Transmission Pricing Methodology (**TPM**) came into effect on 1 April 2023,<sup>3</sup> and sets out how Transpower will recover its maximum allowable revenue from its transmission customers. The new TPM no longer allocates charges categorised by HVAC and HVDC customers.

## Legal framework

6. Clause 35 of the IPP Determination provides the ability for us to exempt Transpower from the certain disclosure requirements contained within the IPP Determination (being clauses 23.2.1(b)-(d), 24, 25, 36 and 28.1 to 28.4 of the IPP Determination) for a period and on such terms and conditions as we specify in this notice.

## Exemption requests

7. On 30 January 2024, Transpower requested two concurrent exemptions.
8. One exemption was sought for its information disclosure requirements under the ID Determination with respect to disclosure year 2024. Transpower provided information to support its request in email correspondence with Commission staff setting out the reasons as to why an exemption should be granted and impacts to stakeholders from the exemption.<sup>4</sup> In those emails, Transpower sought an exemption to its information disclosure for the 2024 year due to the changes under the new TPM under which, Transpower does not segment revenue using the HVAC and HVDC categories.
9. The second exemption Transpower sought in a separate e-mail was for an exemption to its "IPP requirements/annual compliance statement reflecting that it no longer can report transmission revenue split by HVAC and HVDC following the change to the TPM," which it considers is consistent with its ID exemption.<sup>5</sup>
10. As stated in its reasons supporting the ID exemption request, Transpower considers that granting the exemption sought would cause no adverse effects on consumers and other parties potentially affected by the exemption as "these revenue segments

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<sup>1</sup> *Transpower Individual Price-quality Path Determination 2020*, clause 23.1.1.

<sup>2</sup> *Transpower Individual Price-quality Path Determination 2020*, clauses 24.1.3 and 24.1.4.

<sup>3</sup> We note that the TPM came into effect part way through Transpower's disclosure year 2023, which is the 12 months ending 30 June 2023.

<sup>4</sup> Email correspondence from Transpower to the Commission, dated 30 January and 31 January 2024.

<sup>5</sup> Email correspondence from Transpower to the Commission, dated 30 January 2024.

no longer exist” and as such “interested parties should only be interested in the allocation of revenue as per the current TPM”.

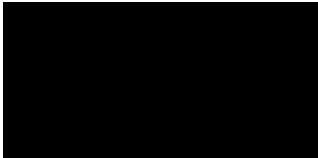
### Exemption decision

11. By this notice, using the exemption powers contained in clause 35 of the IPP Determination, we have decided to grant an exemption to Transpower from the requirements contained in clauses 24.1.3 and 24.1.4 of the IPP Determination to include in its annual compliance statement information related to its HVAC transmission revenue and HVDC transmission revenue for Disclosure Years 2023/2024 and 2024/2025.
12. This exemption is granted on the condition that it reports a single consolidated revenue value showing **actual transmission revenue** (as defined in the IPP Determination) received from customers in place of the HVAC and HVDC split.
13. We have considered the impact of the exemption on the purpose of information disclosure under section 53A of the act and have concluded that granting the exemption will not prevent the achievement of the section 53A purpose.
14. We are granting this exemption because the current requirement to disclose revenue by HVAC and HVDC transmission is no longer required under the new TPM. We will require Transpower to disclose consolidated actual transmission revenue instead of transmission revenue split by HVAC and HVDC customers, which is aligned with how Transpower sets prices under the new TPM. This will support an interested person’s assessment of the purpose of Part 4 of the Act, as more transparent pricing information will lead to a more informed assessment of whether Transpower is efficiently using and investing in its transmission and generation assets.
15. We are granting the exemption for disclosure years 2023/2024 and 2024/2025 because this change is driven by a change in how charges are set in the new TPM. We consider disclosing the total actual transmission revenue in a manner aligned with the new TPM is more likely to satisfy the section 53A purpose than disclosing information in a manner consistent with the old TPM.

**Further information**

16. These exemptions may be revoked or amended by the Commission at any time in accordance with clause 35.1.2.
17. A copy of this exemption response letter will be published on the Commission's website.
18. If you have any questions regarding this matter, please contact Beichen Yang at Infrastructure Regulation at [infrastructure.regulation@comcom.govt.nz](mailto:infrastructure.regulation@comcom.govt.nz).

Nāku iti noa,



**Vhari McWha**  
Commissioner