

AMENDED NOTICE OF INTENTION

AT 27 AUGUST 2019

(Amending the Notice of Intention dated 16 May 2019)

Proposal to Consider Amending Input Methodologies for Electricity Distribution Services and Transpower New Zealand Limited

1. The purpose of this amended Notice of Intention is to advise that the Commerce Commission (**Commission**) has amended the Notice of Intention dated 16 May 2019¹ by updating the scope of potential amendments specified in that Notice of Intention and updating the proposed time frames for the potential amendments.
2. The Commission advises that it is beginning work to consider further potential amendments to the *Transpower Capital Expenditure Input Methodology Determination 2012* [2012] NZCC 2 (**Transpower Capex IM determination**), as specified in paragraph 5a.²
3. In the Notice of Intention dated 16 May 2019, the Commission advised that it was beginning work to consider amendments to the following input methodologies (**IMs**):
 - a. *Electricity Distribution Services Input Methodologies Determination 2012* [2012] NZCC 26 (**EDB IM determination**).³
 - b. *Transpower Input Methodologies Determination 2010* [2012] NZCC 17 (**Transpower IM determination**).⁴
 - c. Transpower Capex IM determination.
4. In accordance with sections 52V(1) and 52X of the Commerce Act 1986, this notice outlines the process that will be followed in considering and consulting on the potential IM amendments, and the proposed timeframes for the potential amendments.

Additional potential IM amendments

5. We intend to consider and consult on the following additional potential IM amendments:

¹ https://comcom.govt.nz/_data/assets/pdf_file/0029/146648/Notice-of-intention-for-potential-amendments-to-IMs-for-EDBs-and-Transpower-16-May-2019.pdf

² The Transpower Capex IM determination was most recently amended in May 2018 by the *Transpower Capital Expenditure Input Methodology Amendments Determination 2018* [2018] NZCC 8.

³ The EDB IM determination was most recently amended in November 2018 by the *Electricity Distribution Services Input Methodologies (Accelerated Depreciation) Amendments Determination 2018* [2018] NZCC 19.

⁴ The Transpower IM determination was most recently amended in December 2016 by the *Transpower Input Methodologies Amendments Determination 2016* [2016] NZCC 27.

Amendments to the Transpower Capex IM determination

- a. Changes to the Transpower Capex IM to the definition of ‘base capex’ used for the ‘calculation of base capex expenditure adjustment’, including the addition of new associated definitions affecting the treatment of operating leases.

Updated process for potential IM amendments

6. Table 1 specifies our updated process for potential IM amendments from the proposed process outlined in the 16 May 2019 Notice of Intention, including:
 - a. the updated proposed indicative time frames for the potential IM amendments from the time frames proposed in the 16 May 2019 Notice of Intention; and
 - b. the additional potential IM amendments specified in paragraph 5a.

Table 1: Updated process for potential IM amendments

Process		May 16 indicative time frame	Updated indicative time frame
1.	a. Commission consultation on potential IM amendments in relation to: <ul style="list-style-type: none"> • the IMs for ID, DPPs and CPPs under the EDB IM determination, not including those affecting the regulatory treatment of operating leases; • the IMs for ID and IPP under the Transpower IM determination, not including those affecting the regulatory treatment of operating leases; and • to definitions associated with the IM requirements that must be met by Transpower under the Transpower Capex IM determination. b. Publication of draft IM reasons paper and draft IM amendments.	May 2019	No amendment to indicative time frame
2.	Submissions due from interested persons on potential IM amendments in relation to: <ul style="list-style-type: none"> • the IMs for ID, DPPs and CPPs under the EDB IM determination, not including those affecting the regulatory treatment of operating leases; and • the IMs for ID and IPP under the Transpower IM determination, not including those affecting the regulatory treatment of operating leases; and • definitions associated with the IM requirements that must be met by Transpower under the Transpower Capex IM determination. 	July 2019	No amendment to indicative time frame

3.	<p>Cross-submissions due from interested persons on potential IM amendments in relation to:</p> <ul style="list-style-type: none"> • the IMs for ID, DPPs and CPPs under the EDB IM determination, not including those affecting the regulatory treatment of operating leases; • the IMs for ID and IPP under the Transpower IM determination, not including those affecting the regulatory treatment of operating leases; and • definitions associated with the IM requirements that must be met by Transpower under the Transpower Capex IM determination. 	July 2019	No amendment to indicative time frame
4.	<p>a. Commission consultation on potential IM amendments in relation to:</p> <ul style="list-style-type: none"> • the IMs for ID, DPP and CPP under the EDB IM determination affecting the regulatory treatment of operating leases; and • the IMs for ID and IPP under the Transpower IM determination affecting the regulatory treatment of operating leases. <p>b. Publication of draft reasons paper and draft IM amendments.</p>	Early August 2019	Late August 2019
5.	<p>Final decisions by the Commission</p> <p>Publication of final reasons papers and amendments in relation to:</p> <ul style="list-style-type: none"> • the IMs for ID and IPP under the Transpower IM determination, not including those affecting the regulatory treatment of operating leases; and • definitions associated with the IM requirements that must be met by Transpower under the Transpower Capex IM determination. 	Late August 2019	No amendment to indicative time frame
6.	<p>Submissions due from interested persons on potential IM amendments in relation to:</p> <ul style="list-style-type: none"> • the IMs for ID, DPP and CPP IMs under the EDB IM determination affecting the regulatory treatment of operating leases; • the IMs for ID and IPP under the Transpower IM determination affecting the regulatory treatment of operating leases; and • the definition of ‘base capex’ under the Transpower Capex IM determination used for the ‘calculation of base capex expenditure adjustment’, including the addition of new associated definitions affecting the treatment of operating leases. 	Late August 2019	September 2019

7.	<p>Cross-submissions due from interested persons on potential IM amendments in relation to:</p> <ul style="list-style-type: none"> • the IMs for ID, DPP and CPP IMs under the EDB IM determination affecting the regulatory treatment of operating leases; • the IMs for ID and IPP under the Transpower IM determination affecting the regulatory treatment of operating leases; and • the definition of ‘base capex’ under the Transpower Capex IM determination used for the ‘calculation of base capex expenditure adjustment”, including the addition of new associated definitions affecting the treatment of operating leases. 	September 2019	October 2019
8.	<p>Final decisions by the Commission</p> <p>Publication of final reasons papers and amendments in relation to:</p> <ul style="list-style-type: none"> • the IMs for ID, DPPs and CPPs under the EDB IM determination, not including those affecting the regulatory treatment of operating leases; • the IMs for ID, DPPs and CPPs under the EDB IM determination affecting the regulatory treatment of operating leases; • the IMs for ID and IPP under the Transpower IM determination affecting the regulatory treatment of operating leases; and • the definition of ‘base capex’ under the Transpower Capex IM determination used for the ‘calculation of base capex expenditure adjustment”, including the addition of new associated definitions affecting the regulatory treatment of operating leases. 	November 2019	No amendment to indicative time frame

Updates and any process refinements will be published on the Commission’s website.