

NOTICE OF INTENTION

17 APRIL 2024

Notice of intention to consider amendments to the Input Methodologies – Transpower RCP4 price-quality path reset 2024

1. The Commerce Commission (**Commission**) gives notice, in accordance with section 52V of the Commerce Act 1986 (**the Act**), that it is beginning work on potential amendments of input methodologies (**IMs**) that apply to Transpower New Zealand Limited (**Transpower**).
2. This notice outlines the proposed process and time frames for the potential amendments in accordance with section 52V of the Act.
3. The IMs that the Commission is considering amending are:¹
 - 3.1 *Transpower Input Methodologies Determination 2010* [2012] NZCC 17; and
 - 3.2 *Transpower Capital Expenditure Input Methodology Determination* [2012] NZCC 2.

Scope of potential amendments under consideration

4. We are currently in the process of determining the price-quality path for Transpower New Zealand Limited (**Transpower**) for its fourth regulatory period, commencing on 1 April 2025 (**RCP4**).
5. In the course of that process, we have identified potential amendments to the IMs that may:
 - 5.1 be necessary to give effect to decisions under consideration during the RCP4 reset; and
 - 5.2 promote the Part 4 purpose in section 52A of the Act more effectively.

Potential amendments to Transpower IMs

6. We are considering discrete amendments to give effect to three issues under consideration as part of the RCP4 price-quality path reset:
 - 6.1 Implementing RAB indexation, following the IM Review 2023;

¹ The IMs can be accessed on our website here: <https://comcom.govt.nz/regulated-industries/input-methodologies/input-methodologies-for-electricity-gas-and-airports/transpower-input-methodologies>. Please note that the most recent amendments to the IMs applying to Transpower were determined on 13 December 2023, following the IM Review 2023. The consolidated versions of the IM determinations on our website are not official versions and are published for convenience only.

6.2 Adjusting the Transpower price-quality path reopens to allow for any consequential effects on quality standards; and

6.3 Mechanisms to address expenditure deliverability risk.

7. In addition to the above issues, we are considering amendments to correct a small number of non-material typographical errors.

Proposed timeframes for the IM amendments

8. The timeframes for the Commission’s consideration of proposed IM amendments are set out below.

9. As far as possible, we intend to align the process for the IM changes with that of the RCP4 price-quality path reset process. Therefore, we will publish these documents at the same time or slightly earlier than the documents relating to the Transpower price-quality path reset.

| Process | | Proposed timeframe |
|---------|--|--------------------|
| 1. | Draft decision by the Commission Draft decision on IM amendments published | May 2024 |
| 2. | Submissions due from interested persons on IM amendments | June 2024 |
| 3. | Cross-submissions due from interested persons on IM amendments | July 2024 |
| 4. | Final decision by the Commission Final decision on IM amendments | August 2024 |

10. Updates and any process refinements will be published on the Commission’s [website](#).