

Transpower Individual Price-Quality Path Determination Amendment 2012

Decision No. [2012] NZCC 32

Amendment to Decision 714 made under s52Q of the Commerce Act 1986 updating Transpower's forecast MAR for the pricing year from 1 April 2013 to 31 March 2014 and the pricing year from 1 April 2014 to 31 March 2015 in accordance with Part 3, section 3.3(2) of Decision 714.

The Commission:

S Begg

P Duignan

Dr S Gale

Date of Decision: 31 October 2012

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Transpower Individual Price-Quality Path Amendment Determination 2012

Pursuant to Part 4 of the Commerce Act 1986 (the Act) the Commerce Commission makes the following determination:

1. DETERMINATION AMENDED

This determination amends the *Commerce Act (Individual Price-Quality Path) Determination 2010* (Commerce Commission Decision No. 714, original decision date 22 December 2010, amended on 31 January 2012) (the **IPP Determination**).

2. COMMENCEMENT

This determination comes into force on the day following notice of the determination is given in the New Zealand Gazette under section 52Q(4) of the Commerce Act 1986.

3. INTERPRETATION

- 3.1 Terms used in this determination that are defined in the Act or the IPP Determination but not this determination, have the same meaning as in the Act or the IPP Determination, as applicable.
- 3.2 Nothing in this determination limits the **Commission's** authority to amend the Determination in accordance with the Act.

4. IPP DETERMINATION AMENDMENTS

- 4.1 In section 3.3(1)(b) of the IPP Determination replace "\$906.4 million" with "\$874.3 million".
- 4.2 In section 3.3.1(c) of the IPP Determination replace "\$958.9 million" with "\$959.7 million".
- 4.3 In Schedule F (Forecast Mar Summary) of the IPP Determination in line 3 under "First Update of Forecast MAR (incremental impact)" column replace "To be updated November 2012(D) with "\$ (32.1) million".
- 4.4 In Schedule F (Forecast Mar Summary) of the IPP Determination in line 4 under "First Update of Forecast MAR (incremental impact)" column replace "To be updated November 2012(E) with "\$0.8 million":
- 4.5 In Schedule F (Forecast Mar Summary) of the IPP Determination in line 3 of the "Total forecast MAR" column replace "\$906.4 million + D" with "\$874.3 million".

- 4.6 In Schedule F (Forecast Mar Summary) of the IPP Determination in line 4 of the "Total forecast MAR" column replace "\$958.9 million + E+F" with "\$959.7 million + F".
- 4.7 In Schedule F (Forecast MAR Summary) of the IPP Determination in line 3 of the "Status" column replace "Clause 3.3 of this determination – subject to future determinations" with "Clause 3.3 of this determination".



Sue Begg, *Deputy Chair*

Dated at Wellington this 31st day of October 2012.

COMMERCE COMMISSION

Explanatory Note

This amendment updates Transpower's forecast MAR for the pricing year from 1 April 2013 to 31 March 2014 and the pricing year from 1 April 2014 to 31 March 2015 in accordance with the requirements of Decision #714.

The Commission set Transpower's maximum allowable revenue on 1 November 2011 for the 2013/14 and 2014/15 pricing years. Under Part 3, section 3.3(2) of Transpower's individual price quality path determination (Decision #714), the Commission is required to update those maximum allowable revenue amounts to take account of Transpower's performance against its maximum allowable revenue for the 2011/12 year, any major capital expenditure adjustments required for the 2011/12 year, and any forecast changes to future capital expenditure.

Transpower published its proposed adjustments to its maximum allowable revenue for the 2013/14 and 2014/15 pricing years in its 2011/12 Annual Regulatory Report, which it published on 18 October 2012. A copy of that report is also available on the Commission's web site.

The Commission has reviewed the adjustments to revenue proposed by Transpower and has agreed with those adjustments. This determination gives effect to those adjustments.