

# **[Draft] Transpower Input Methodologies Amendment Determination 2024**

**[2024] NZCC XX**

**The Commission:**

Vhari McWha  
Dr Derek Johnston  
Bryan Chapple  
Nathan Strong

**Date of decision:**

[day] [month] 2024

[signature]

[name], Commissioner

Dated at Wellington this [day] of [month] 2024

COMMERCE COMMISSION

Wellington, New Zealand

<b>Determination history</b>		
<b>Determination date</b>	<b>Decision number</b>	<b>Determination name</b>
29 June 2012	[2012] NZCC 17	Transpower Input Methodologies Determination ('principal determination')*
28 August 2014	[2014] NZCC 22	Transpower Input Methodologies Amendments Determination 2014
26 September 2014	[2014] NZCC 24	Electricity Lines Services Input Methodologies Determination Amendment 2014
29 October 2014	[2014] NZCC 27	Electricity Lines Services and Gas Pipeline Services Input Methodologies Determination Amendment (WACC percentile for price-quality regulation) 2014
27 November 2014	[2014] NZCC 32	Incremental Rolling Incentive Scheme Input Methodology Amendments Determination 2014
27 November 2014	[2014] NZCC 34	Transpower Input Methodologies Amendments Determination 2014 (No. 2)
11 December 2014	[2014] NZCC 38	Electricity Lines Services and Gas Pipeline Services Input Methodologies Determination Amendment (WACC percentile for information disclosure regulation) 2014
5 February 2015	[2015] NZCC 3	Transpower Input Methodologies Amendment Determination 2015
21 October 2015	[2015] NZCC 27	Transpower Input Methodologies Amendment Determination 2015 (No. 2)
20 December 2016	[2016] NZCC 27	Transpower Input Methodologies Amendments Determination 2016
29 June 2017	[2017] NZCC 17	Transpower Input Methodologies Amendment Determination 2017
28 August 2019	[2019] NZCC 10	Transpower Input Methodologies Amendments Determination 2019
13 November 2019	[2019] NZCC 16	Transpower Input Methodologies Amendments Determination (No. 2) 2019

13 December 2023	[2023] NZCC 38	Transpower Input Methodologies (IM Review 2023) Amendment Determination 2023
[date]	[2024] NZCC XX	Transpower Input Methodologies Amendment Determination 2023

\* The principal determination re-determined the input methodologies contained in the *Commerce Act (Transpower Methodologies) Determination 2010* (Commerce Commission Decision No.713, 22 December 2010), as amended by the *Commerce Act (Transpower Input Methodologies) Amendment Determination (No. 1) 2011* (Commerce Commission Decision 736, 1 November 2011). A complete history of determinations relevant to the input methodologies applicable to Transpower is available on the Commission's website.

[Drafting notes:

- This determination amends the Transpower Input Methodologies Determination, as previously amended, ('principal determination').
- The included amendments which are secondary legislation are made under the Legislation Act 2019 and Part 4 of the Commerce Act 1986].

Under Part 4 of the Commerce Act 1986, the Commerce Commission makes the following determination:

**1. TITLE**

1.1 This determination is the Transpower Input Methodologies Amendment Determination 2024.

**2. DETERMINATION AMENDED**

2.1 This determination amends the **principal determination**.

**3. INTERPRETATION**

3.1 In this determination, the words or phrases in bold type bear the following meanings:

3.1.1 **Act** has the same meaning as in the **principal determination**;

3.1.2 **disclosure year** has the same meaning as in the **principal determination**;

3.1.3 **IM Review amendment determination** means the Transpower Input Methodologies (IM Review 2023) Amendment Determination 2023;

3.1.4 **IPP** has the same meaning as in the **principal determination**; and

3.1.5 **principal determination** means the Transpower Input Methodologies Determination [2012] NZCC 17.

**4. COMMENCEMENT AND APPLICATION**

4.1 This determination comes into force on the [date], being the day after which notice of it is given in the New Zealand Gazette under the Legislation Act 2019 in accordance with s 52W of the Act.

4.2 However, the amendments to the **principal determination** set out in this determination apply:

4.2.1 for the purposes of information disclosure regulation, from the commencement of **disclosure year** 2026; and

4.2.2 for every other purpose, for an **IPP** that commences on or after 1 April 2025.

4.3 Clause 4.4 applies to a provision of the **principal determination** that is amended by the **IM Review amendment determination** and by this determination.

4.4 If the amendments to the provision are expressed, in the **IM review amendment determination** and in this determination, to apply from the same date, the amendments set out in this determination apply immediately after the amendments set out in the **IM review amendment determination** apply.

## 5. PRINCIPAL DETERMINATION AMENDMENTS

5.1 In clause 1.1.4(2) of the **principal determination**, delete the definition of **forecast CPI**.

5.2 In clause 1.1.4(2) of the **principal determination**, insert in their appropriate alphabetical order:

**“delivery risk adjustment** means an increase to a **base capex allowance** or an **opex allowance** (or both) that reflects **Transpower’s** management of a delivery risk and is provided for in the **IPP determination**”

**“RCP4** means the **regulatory period** from 1 April 2025 to 31 March 2030;”

**“RCP4 HVDC transitional adjustment** has the same meaning as defined in the **IPP determination**;”

5.3 In clause 2.2.10(1)(g) of the **principal determination**, replace **“other regulated goods or services”** with **“other regulated goods or services”** in each place.

5.4 In the formula in clause 3.6.2(b) of the **principal determination**, replace *“Adjustment to the opex incentive”* with ***“Base year adjustment to the opex incentive”***.

5.5 The **principal determination** is also amended in accordance with the deletions, replacements, and insertions that are tracked in red in the excerpts of the **principal determination** that are set out in Attachments A, B, and C.

## ATTACHMENT A

### 2.2.8 Revaluation

- (1) Unallocated revaluation is the amount determined, subject to subclause (3), in accordance with the formula-

(unallocated opening RAB value – unallocated depreciation) × revaluation rate.

- (2) Revaluation is the amount determined, subject to subclause (3), in accordance with the formula-

(opening RAB value – depreciation) × revaluation rate.

- (3) For the purposes of subclauses (1) and (2), where the asset is-

~~(a) the asset's physical asset life at the end of the disclosure year is nil;~~  
~~or~~

~~(b) the asset is a-~~

~~(i) disposed asset;~~

~~(ii) lost asset,~~

(a) a disposed asset;

(b) a lost asset; or

(c) any other asset having a commissioning date in the disclosure year in question,

unallocated revaluation and revaluation are nil.

- (4) Revaluation rate means, in respect of a **disclosure year**, the rate determined in accordance with the formula-

$$(CPI_4 \div CPI_4^{-4}) - 1,$$

where-

$CPI_4$  means **CPI** for the last quarter ~~that coincides with the end~~ of the **disclosure year**; and

$CPI_4^{-4}$  means **CPI** for the last quarter ~~that coincides with the end~~ of the preceding **disclosure year**.

## **ATTACHMENT B**

### **3.1.1 Price**

- (1) For the purpose of s 53M(1)(a) of the **Act**, the maximum revenues that may be recovered by **Transpower** for **electricity transmission services** will be specified in an **IPP determination** as a revenue cap.
- (2) To comply with the revenue cap, the forecast revenue that **Transpower** uses for setting transmission charges under the **TPM** for each **pricing year** must not exceed the **forecast SMAR** for that **pricing year** of the **regulatory period**.
- (3) For the purpose of setting the 'forecast SMAR':
  - (a) the **Commission** must determine in an **IPP determination** for each **pricing year** of the **regulatory period**:
    - (i) the **forecast MAR**; and
    - (ii) the **IPP revenue growth rate**;
  - (b) the present value of the aggregated **forecast SMAR** values for the **regulatory period** must equal the present value of the aggregated **forecast MAR** values for the **regulatory period**;
  - (c) the **IPP revenue growth rate** must be applied when calculating the **forecast SMAR** for each **pricing year** of the **regulatory period** after the first **pricing year**; and
  - (d) the respective present values in (b) must be calculated using the **WACC**.
- (4) For the purpose of subclause (3)(a), inputs to the calculation of the **forecast MAR** for each **pricing year** in a **regulatory period** must include, but are not limited to:
  - (a) the **WACC**;
  - (b) **forecast EV adjustments**;
  - (c) forecast **pass-through costs**; and
  - (d) forecast **recoverable costs**.

(5) For the purposes of subclause (4)(b), the forecast EV adjustment for the calculation of forecast MAR for each pricing year of RCP4 is calculated in accordance with the formula-

$$\text{_____} = -x \frac{WACC}{\left(1 - \frac{1}{(1+WACC)^y}\right)}$$

where-



$x$  is the forecast closing post-tax **EV account** balance for the final **disclosure year** of **RCP3** (minus any **RCP4 HVDC transitional adjustment**) converted to a pre-tax revenue value by the addition of a tax gross-up amount, as specified in an **IPP determination**;

$y$  is the number of years in **RCP4**;

**RCP3** is the **regulatory period** immediately before **RCP4**; and

**WACC** is the **65<sup>th</sup> percentile estimate of WACC** for **RCP4**.

(5)(6) For the purposes of subclause (4)(b), the **forecast EV adjustment** for the calculation of forecast **MAR** for each **pricing year** of any other **RCP** is calculated in accordance with the formula-

$$= -x \frac{WACC}{\left(1 - \frac{1}{(1+WACC)^y}\right)}$$

where-

$x$  is the forecast closing post-tax **EV account** balance for the final **disclosure year** of **RCP<sub>t-1</sub>** converted to a pre-tax revenue value by the addition of a tax gross-up amount, as specified in an **IPP determination**;

$y$  is the number of years in **RCP<sub>t</sub>**;

**RCP<sub>t-1</sub>** is the **regulatory period** immediately before the **regulatory period** for which the **forecast MAR** is being calculated; ~~and~~

**RCP<sub>t</sub>** is the **regulatory period** to which the **forecast MAR** relates; ~~and~~

**WACC** is the **65<sup>th</sup> percentile estimate of WACC** for **RCP<sub>t</sub>**.

## **ATTACHMENT C**

### **Subpart 7 Reconsideration of the individual price-quality path**

#### **SECTION 1 When Commission can reconsider the IPP**

##### **3.7.1 When the IPP may be amended**

- (1) The **Commission** may amend the **IPP** if the **Commission** is satisfied that-
  - (a) a **reopener event** has occurred;
  - (b) the **IPP** should be amended, after having regard to at least the matters in clause 3.7.10(1); and
  - (c) the amendment to the **IPP** is consistent with clause 3.7.11.
- (2) A 'reopener event'-
  - (a) is an event, or a series of related events, of a type specified in subclause (3), that occurs in the period that-
    - (i) begins on the date that is 12 months before the start of the **regulatory period**; and
    - (ii) ends at the end of the **regulatory period**; or
  - (b) occurs when-
    - (i) **Transpower** forecasts that a **large buildup in EV account balance** is likely to occur in the **regulatory period** and the criteria in clause 3.7.8(2) are met; or
    - (ii) **Transpower** applies on the basis that 2 or more **E & D projects** have become reasonably likely to commence in the **regulatory period** and the criteria in clause 3.7.9(5) are met; ~~or~~
    - (iii) **Transpower** applies on the basis that an **anticipatory capacity project** is reasonably likely to commence in the **regulatory period** and the criteria in clause 3.7.9A(2) are met; or
    - (iv) **Transpower becomes eligible for a delivery risk adjustment under clause 3.7.9B.**
- (3) For the purpose of subclause (2)(a), the types of events are:

- (a) a **catastrophic event**;
- (b) a **change event**;
- (c) an **error event**; or
- (d) the discovery of **false or misleading information**.

### 3.7.2 Process for the reconsideration of the IPP

- (1) A **reopener event** can be nominated:
  - (a) in the case of a **large buildup in EV account balance**, ~~or~~ 2 or more **E & D projects**, or a delivery risk adjustment, by **Transpower** applying; and
  - (b) in any other case, by-
    - (i) the **Commission**; or
    - (ii) **Transpower**, by notifying the **Commission**.
- (2) The **Commission** or **Transpower** may nominate more than one **reopener event** at the same time.
- (3) If **Transpower** nominates a **reopener event**, it must provide sufficient information to enable the **Commission** to assess:
  - (a) whether a **reopener event** has occurred;
  - (b) having regard to at least the matters in clause 3.7.10(1), whether and how the **IPP** should be amended; and
  - (c) whether any proposed amendment to the **IPP** is consistent with clause 3.7.11 and the **Act**.
- (4) The **Commission** must publish a notice on its website of each of the following matters as soon as practicable after they occur:
  - (a) a **reopener event** is nominated; and
  - (b) the **Commission** decides whether or not-
    - (i) it is satisfied that a **reopener event** has occurred;
    - (ii) to reconsider the **IPP**; and
    - (iii) to amend the **IPP**.

### 3.7.3 Confidential information

- (1) Where **Transpower** considers that it has a right to confidentiality in any information that it provides to the **Commission** in relation to this subpart and it does not waive the right, it must:
  - (a) include that information in an appendix; and
  - (b) clearly mark the information as confidential.
- (2) Subclause (1) does not prevent the **Commission** from publishing information identified in accordance with that subclause if it considers **Transpower** does not have a right to confidentiality in respect of that information.
- (3) Subclause (2) does not affect any of **Transpower's** rights or remedies for breach of any right to confidentiality.

## **SECTION 2 Events that may be reopener events**

### 3.7.4 Catastrophic event

- (1) A 'catastrophic event' is an event-
  - (a) beyond the reasonable control of **Transpower**;
  - (b) that could not have been reasonably foreseen at the time the **IPP** was determined; and
  - (c) for which-
    - (i) action required to rectify its adverse consequences cannot be delayed until a future **regulatory period** without the **grid outputs** associated with the **revenue-linked grid output measures** being outside the range specified by the relevant **cap** and **collar** in the remaining **disclosure years** of the **regulatory period**;
    - (ii) remediation requires **capex**, **opex**, or both;
    - (iii) the full remediation costs are not provided for in the **IPP**; and
    - (iv) the cost of remediation net of any insurance or compensatory entitlements exceeds \$5 million.

### 3.7.5 Change event

- (1) A 'change event' occurs where there is a change of the type described in subclause (2) or (3), the effect of which is not explicitly or implicitly provided for in the **IPP**.
- (2) The first type is a change in a regulatory or legislative requirement that applies to **Transpower** as a result of new or amended legislation, or judicial clarification of the interpretation of legislation, that-
  - (a) results in additional reasonable costs (whether **capex**, **opex**, or both) to respond to the changed requirement that exceed \$5 million; or
  - (b) causes an **input methodology** to become incapable of being applied.
- (3) The second type is a change in a requirement that applies to **Transpower** under **GAAP**, that-
  - (a) results in a change in the recognition or measurement (including timing) of 1 or more of the following:
    - (i) **opex**;
    - (ii) **capex**;
    - (iii) assets;
    - (iv) liabilities;
    - (v) **forecast MAR**;
    - (vi) actual transmission revenue; or
    - (vii) taxation; and
  - (b) if in effect at the time the **IPP** was determined, would have caused the aggregate amount of the **forecast MAR** for all **pricing years** of the **regulatory period** to have differed by an amount that exceeds \$5 million as a result of a difference in the forecast amounts or values relied on in setting the price path.

### 3.7.6 Error event

- (1) An 'error event' is an unintended circumstance where the **IPP** was determined or amended based on an error, including where:

- (a) incorrect data were used in determining the price path, **revenue-linked grid output measure**, or a quality standard; or
  - (b) data were incorrectly applied in determining the price path, **revenue-linked grid output measure**, or a quality standard.
- (2) For the purposes of subclause (1),-
- (a) an error relating to the **IPP** does not constitute an **error event** unless the error has an impact on the **forecast MAR** that exceeds \$100,000 for the affected **pricing years** of the **IPP**;
  - (b) an error relating to the metrics by which quality standards or grid output measures are specified in the **IPP** does not constitute an **error event** unless it is an error in the value of the metric; and
  - (c) a discrepancy between forecast values and actual values does not constitute an **error event**.

### 3.7.7 False or misleading information

- (1) This subpart applies to ‘false or misleading information’-
- (a) relating to the making or amending of the **IPP determination** that has been-
    - (i) provided by **Transpower** or its agents to the **Commission**; or
    - (ii) disclosed pursuant to an **ID determination** or information disclosure requirements under subpart 3 of Part 4A of the **Act** (as continued in force for a time by s 54W of the **Act**); and
  - (b) that the **Commission** relied on in making or amending the **IPP determination**.

### 3.7.8 Large buildup in EV account balance

- (1) A ‘large buildup in EV account balance’ is a situation where the **EV account** balance would be, as of the last day of a **regulatory period**, when divided by the number of years in that **regulatory period**, greater than 5% of the **forecast SMAR** for the final **pricing year** in that **regulatory period**.
- (2) The criteria referred to in clause 3.7.1(2)(b)(i) are-

- (a) **Transpower** must apply for amendment of the **IPP** in respect of the **large buildup in EV account balance**;
- (b) the application must relate to remaining complete **pricing years** in the **regulatory period**;
- (c) the application must be made-
  - (i) if the **regulatory period** is longer than 4 years, in the period of 80 **working days** that commences after the end of the third **disclosure year** commencing in the **regulatory period**; and
  - (ii) in any other case, in the period of 80 **working days** that commences after the end of,-
    - (A) the first **disclosure year** commencing in the **regulatory period**;  
or
    - (B) the second **disclosure year** commencing in the **regulatory period**; and
- (d) the application must include a proposed amendment to the **forecast SMAR** in respect of the remaining complete **pricing years**.

### 3.7.9 Enhancement and Development project

- (1) An 'E & D project' is:
  - (a) an **unforeseeable E & D project**; or
  - (b) a **foreseeable E & D project**.
- (2) An 'unforeseeable E & D project' is an **E & D base capex project** or a **transmission alternative**, where, in relation to a **regulatory period**:
  - (a) at the time the **IPP determination** was made for that **regulatory period**, an allowance for that **project** or **transmission alternative** was not included in the **base capex allowances** or in the **opex** allowance specified by the **Commission** in the **IPP determination** for that **regulatory period** because:
    - (i) the **project** or **transmission alternative** was not forecast to commence in that **regulatory period**; and

- (ii) it was reasonably unforeseeable that the **project or transmission alternative** was likely to commence during that **regulatory period**;
  - (b) the **project or transmission alternative** has become reasonably likely to commence in that **regulatory period**; and
  - (c) drivers of the **project or alternative** include one or more of the drivers set out in subclause (4).
- (3) A 'foreseeable E & D project' is an **E & D base capex project** or a **transmission alternative**, where, in relation to a **regulatory period**:
- (a) at the time the **IPP determination** was made for that **regulatory period**, an allowance for that **project or transmission alternative** was not included in the **base capex allowances** or in the **opex** allowance specified by the **Commission** in the **IPP determination** for that **regulatory period**, and it would have been unreasonable to expect **Transpower** to have accurately forecast the expenditure, or timing of, the **project or transmission alternative** at the time the **IPP determination** was made;
  - (b) the **project or transmission alternative** has become reasonably likely to commence in that **regulatory period**; and
  - (c) drivers of the **project or transmission alternative** include one or more of the drivers set out in subclause (4).
- (4) For the purposes of subclauses (2)(c) and (3)(c), the drivers are:
- (a) a step change in demand that necessitates a capacity upgrade in the **grid**;
  - (b) a generation **commissioning** or generation **decommissioning**;
  - (c) meeting **grid reliability standards** or reliability service levels agreed between **Transpower** and its **customer**;
  - (d) ensuring power quality complies with regulatory or legislative requirements;
  - (e) managing the power system dynamic voltage response to disturbances;
  - (f) any other development caused by a party outside the control of **Transpower** that requires a transmission network enhancement or transmission network development; or



- (g) the potential for a high-impact, low-probability future event that necessitates **resilience capex**.
- (5) The criteria referred to in clause 3.7.1(2)(b)(ii) are:
- (a) **Transpower** must apply for amendment of the **IPP** in respect of the **E & D projects**;
  - (b) **Transpower** must not have previously applied in the **regulatory period** for amendment of the **IPP** in respect of **E & D projects**;
  - (c) the application must include:
    - (i) an explanation of the reasons why the **E & D projects** have become reasonably likely to commence in the **regulatory period**;
    - (ii) an explanation of the drivers of each of the **E & D projects** in accordance with subclause (2)(c) or (3)(c) (or both); and
    - (iii) supporting analysis for the explanations for the matters in subparagraphs (i) and (ii); and
  - (d) the total forecast value of the **E & D projects**, in aggregate, amounts to at least \$20 million.
- (6) The detail and rigour of the explanations and analysis referred to in subclause (5)(c) must be commensurate with the estimated expenditure and complexity of each **E & D project** that is the subject of the application.

#### 3.7.9A Anticipatory capacity project

- (1) An ‘anticipatory capacity project’ is a **project of base capex** for an **anticipatory connection asset** in respect of which—
- (a) **Transpower** has, after the start of the **regulatory period**, entered into a **new investment contract**; and
  - (b) the forecast **capital expenditure** for the **anticipatory capacity** of the **anticipatory connection asset** exceeds \$10 million but does not exceed the **base capex threshold**.
- (2) The criteria referred to in clause 3.7.1(2)(b)(iii) are—
- (a) **Transpower** must apply for an amendment of the **IPP** in respect of the **project**;

- (b) having regard to the matters set out in Schedule A of the **Capex IM**, the **project** is consistent with an expenditure outcome that represents the efficient costs of a prudent supplier, having regard to **good electricity industry practice**;
  - (c) the forecast **capital expenditure** for the **anticipatory capacity** of the **anticipatory connection asset** is reasonably likely to commence in the regulatory period; and
  - (d) the **application** must include:
    - (i) an explanation of the reasons why the **project** is consistent with the expenditure outcome described in (b);
    - (ii) an explanation of the reasons why the **anticipatory capacity** of the **anticipatory connection asset** is reasonably likely to commence in the **regulatory period**; and
    - (iii) supporting analysis for the explanations for the matters in subparagraphs (i) and (ii).
- (3) The detail and rigour of the explanations and analysis referred to in subclause (2)(d) must be commensurate with the estimated expenditure and complexity of the **project**.

### 3.7.9B Delivery risk adjustment

#### (1) Transpower is eligible for a delivery risk adjustment if:

- (a) the IPP determination provides for a delivery risk adjustment and, in accordance with the IPP determination, Transpower is eligible for an increase to a base capex allowance, an opex allowance, or both in respect of the delivery risk adjustment;
- (b) Transpower applies for an amendment of the IPP in respect of the delivery risk adjustment; and
- (c) Transpower's application:
  - (i) includes reasonable evidence that it is eligible for an increase to a base capex allowance, an opex allowance, or both (as the case may be);

(ii) is accompanied by a certificate from the chief executive officer of Transpower certifying the accuracy and completeness of the evidence; and

(iii) complies with any other requirements specified in the IPP determination.

### SECTION 3 Commission consideration of whether and how to amend the IPP

#### 3.7.10 Commission consideration of whether to amend the IPP

- (1) If the **Commission** is satisfied that a **reopener event** has occurred, then the **Commission** must have regard to at least the following matters when deciding whether to amend the **IPP**:
- (a) the impact of the **reopener event** given the relevant circumstances, including both positive and negative effects, on **Transpower's** costs, revenues, and quality outcomes;
  - (b) the extent to which the **IPP** provides explicitly or implicitly for the **reopener event**;
  - (c) if **Transpower** nominated the **reopener event**:
  - (d) whether the action required to respond to the **reopener event's** adverse consequences can be delayed until a future **regulatory period**;
  - (e) the extent to which **Transpower**:
    - (i) contributed to the adverse consequences of the **reopener event** by its action or omission; and
    - (ii) could have prevented or overcome the adverse consequences of the **reopener event** by exercising reasonable diligence at reasonable cost; and
  - (f) whether **Transpower's** planned **capex** and **opex** for the remainder of the **regulatory period** have been appropriately reviewed and reprioritised; and
  - (g) in the case of a **catastrophic event**, the extent to which **Transpower** has demonstrated that it has reviewed its planned **capex** and **opex** for the remainder of the **regulatory period** and made such substitutions as are possible without adversely affecting its ability to meet the **grid output targets** associated with **revenue-linked grid output measures**.

(2) Subclause (1)(d) does not limit subclause (1)(c)(iii).

#### 3.7.11 Amending IPP after reconsideration

(1) If the **Commission** decides that the **IPP** should be amended, the **Commission** may amend any 1 or more of the following that are specified in the **IPP determination**:

(a) price path;

~~(a)~~ (ab) quality standard values (that is, any value that, if met, means a quality standard is attained);

(b) **grid output targets**;

(c) **caps**;

(d) **collars**; and

(e) **grid output incentive rates** associated with **revenue-linked grid output measures**.

(2) The **Commission** will not amend the **IPP**-

(a) in the case of **large buildup in EV account balance**, more than is reasonably necessary to take account of the change in **forecast EV adjustment** on the basis of the buildup; and

(b) in any other case,-

(i) more than is reasonably necessary to mitigate the effect of the **reopener event** on the **IPP**;

(ii) more than is reasonably necessary to take account of the change resulting from the **reopener event** net of any insurance or compensatory entitlements; and

(iii) by more than the prudent net additional expenditure incurred in responding to the **reopener event**.

## **SECTION 4 Amendment of IPP for approved capex**

#### 3.7.12 Consideration for approved capex

(1) Once in each **disclosure year** commencing in a **regulatory period** except for the last **disclosure year**, the **Commission** must reconsider the **IPP** in respect of the remaining

**disclosure years** commencing in the **regulatory period** to take account of the following on the **forecast SMAR**:

- (a) the revenue impact of **major capex** approved by the **Commission**; and
- (b) the revenue impact of any **base capex** approved by the **Commission** for a **listed project**.

~~(b)~~(2) At the time specified in the **IPP determination**, **Transpower** must provide the information specified in the **IPP determination** to enable the **Commission** to reconsider the **IPP**.

~~(2)~~(3) If the **Commission** decides, having reconsidered the **IPP** under subclause (1), that the **IPP** should be amended, the **Commission** may amend any 1 or more of the following that are specified in the **IPP determination**:

- (a) price path;
- ~~(a)~~ (ab) quality standard values (that is, any value that, if met, means a quality standard is attained);
- (b) **grid output targets**;
- (c) **caps**;
- (d) **collars**; and
- (e) **grid output incentive rates** associated with **revenue-linked grid output measures**.

(4) The **Commission** must publish a notice on its website of each of the following matters as soon as practicable after—

- (a) the **Commission** decides whether or not to reconsider the **IPP**; and
- (b) the **Commission** decides whether or not to amend the **IPP**.