



Corporate Office

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Sent by email to: [regulation.branch@comcom.govt.nz](mailto:regulation.branch@comcom.govt.nz)

2 October 2019

Dear Matthew

**Powerco cross-submission on *Treatment of operating leases - Draft decisions and reasons paper (Draft Decision)***

Powerco appreciates the opportunity to provide further comment following the submissions received by the Commerce Commission relating to the Draft Decision.

It was reassuring that the ENA and Vector also expressed difficulty in understanding the overall impact of the Draft Decision. We re-emphasise that while we think we understand the IM amendments in isolation, the overall impact on Powerco's revenue path to be set at 1 April 2023 when we roll off our CPP to DPP3 remains ambiguous, and we too request the Commission publish worked examples to reflect our specific circumstances.

We also agree with the conclusion that excluding operating leases from the capex IRIS will result in a systematic under-recovery of depreciation relating to right of use assets. Implementing a wash-up mechanism to address this seems fair and reasonable.

We are confident the effort that has gone into all submissions suggest a robust subset of issues has been flushed-out. If the Commission agrees it is worthwhile getting all interested parties together to discuss the mechanics of the Draft Decision face-to-face Powerco would be pleased to host or support a meeting.

If you have any questions on this cross-submission, or would like to discuss these issues further, please contact Leisa Patel ([Leisa.Patel@powerco.co.nz](mailto:Leisa.Patel@powerco.co.nz)).

Yours sincerely

A handwritten signature in blue ink, appearing to be "Stuart Marshall".

Stuart Marshall  
General Manager Regulation and Commercial