

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	15 November 2013
Date information is required to be provided:	13 December 2013
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q001 (doc #1624463)
Subject:	Forecast base capex adjustments for RCP1
Objective of information requirement:	<p>We need the information specified below to form an understanding of Transpower’s forecast performance for base capex in RCP1 as if the base capex rules in RCP2 had applied.</p> <p>This is in order to assist us to assess Transpower’s proposal for base capex in RCP2.</p>
Information requirement:	<p>1. Please provide the following forecast hypothetical base capex revenue adjustments for RCP1 calculated in accordance with Schedule B, Division 1 of the Transpower Capex IM determination:</p> <p style="padding-left: 40px;"><i>1.1 Transpower’s forecast based on currently available information that shows whether it is likely to make an application under clause 5.2(4)(e) of the IPP determination in the 2014/15 disclosure year for ex post approval of minor capital expenditure in excess of the aggregate allowance for RCP1:</i></p> <p>This information requirement is to be completed by providing a forecast calculation of a hypothetical annual base capex expenditure adjustment (B1) for each of the 2011/12 to 2014/15 disclosure years based on the approved expenditure allowances for RCP1. The 2011/12 and 2012/13 years are to be based on actual values and the 2013/14 and 2014/15 years are to be based on Transpower’s latest available forecast values.</p> <p>(continued)</p>

<p>Information requirement (continued):</p>	<p>1.2 <i>Transpower's forecast based on currently available information that shows whether Transpower is likely to need to make any 'approval policies' EV account entry in the 2014/15 disclosure year under clause 5.3(4)(d) of the IPP determination in respect of RCP1:</i></p> <p>This information requirement is to be completed by providing a forecast calculation of a hypothetical annual base capex policies and processes adjustment (B2) for each of the 2011/12 to 2014/15 disclosure years. The 2011/12 and 2012/13 years are to be based on actual performance and the 2013/14 and 2014/15 years are to be based on Transpower's latest available information.</p> <p>2. The above forecasts are to be prepared as if <i>minor capital expenditure</i> under the IPP for RCP1 was <i>base capex</i> under the Capex IM determination in RCP2.</p> <p>3. An explanation for any potential revenue adjustments resulting from the above calculations and, to what extent the adjustments are considered to be the result of process errors or weaknesses eg, errors in processes used for estimating timing of expenditure. This explanation can be provided by reference to Appendix 9 of the 2012/13 Annual Regulatory Report or other appropriate information.</p> <p>4. This information is not required to be included in the RCP2 expenditure proposal. The requested information should be supplied to us via the extranet.</p>
<p>Certification required:</p>	<p>Consistent with internal Transpower requirements for supplying additional information to the Commission.</p>

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	18 December 2013
Date information is required to be provided:	16 January 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q002 (doc# 1642612)
Subject:	Identified programmes detailed compliance mapping in Transpower's RCP2 expenditure proposal
Document reference:	CC02 tab 6
Objective of information requirement:	<p>We need the information below to determine that the information relating to base capex and opex identified programmes in the RCP2 expenditure proposal meets the requirements of the Capex IM and the s 53ZD information gathering notice.</p> <p><i>Due to the number of identified programmes, we have selected five base capex and five opex identified programmes on a sample basis for detailed mapping from the Capex IM and Notice requirements to the expenditure proposal or other supporting documents. Subject to no completeness exceptions being identified from this part of the review, we would propose not to require a detailed mapping for each of the other identified programmes. However, it may be that under our substantive evaluation (with the assistance of Strata) we would require a mapping to the detailed information for other selected programmes.</i></p>
Information requirement:	<p>Please provide a full compliance mapping for the following identified programmes:</p> <p>Base capex (for each of the data points in Schedule F6 of the Capex IM):</p> <ol style="list-style-type: none"> 1. R&R AC Stations – Transformers 2. R&R TL Paint 3. R&R SA Substation Management Systems 4. E&D Otahuhu-Wiri Transmission Capacity

	<p>5. IST SCADA/RTS</p> <p>Opex (for each of the data points in section 9 of the information gathering notice:</p> <ol style="list-style-type: none"> 1. Routine Maintenance - Stations 2. Routine Maintenance – Transmission lines 3. Routine Maintenance – HVDC 4. IST Grid – Telecommunications 5. IST Business Support – ICT Shared Services
<p>Certification required:</p>	<p>Consistent with internal Transpower requirements for supplying additional information to the Commission.</p>

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	23 December 2013
Due date:	16 January 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q003 (doc #1649426)
Subject:	Productivity Adjustment
Document reference:	Transpower RCP2 expenditure proposal Section 5.7.2
Objective of information requirement:	<p>In its proposal Transpower has included a 'productivity adjustment' of 7.5% applied to its (nominal) Grid and ICT base capex forecasts.</p> <p>The Commission is seeking a detailed understanding of the methodology by which Transpower determined this forecast base capex adjustment, the analysis undertaken and the basis for the 7.5% adjustment.</p> <p>Transpower states that the basis for the capex productivity adjustment is Transpower's view on <i>asset management improvements, with continuing optimisation and reprioritisation</i> of its plans.</p> <p>The Commission is seeking to determine if a similar productivity adjustment should also have been applied to forecast opex.</p>
Information requirement:	<p>Please provide:</p> <ul style="list-style-type: none"> • a full description of the methodology by which Transpower determined the 7.5% productivity adjustment. • the assumptions made when setting basis for, and level of, the productivity adjustment. • any analysis undertaken. • the basis for the 7.5% level of adjustment, including the calculation of that value. • documentation of any consideration that was

	given at the time of determining the base capex productivity adjustment, of the application of a productivity adjustment to opex.
Certification required:	Consistent with internal Transpower requirements for supplying additional information to the Commission.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	23 December 2013
Due date:	16 January 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q004 (Doc #1649438)
Subject:	Challenge and top down reviews
Objective of information requirement:	<p>Section 5.7 of the Transpower RCP2 expenditure proposal describes at a high level the challenge rounds and top down reviews undertaken by Transpower in preparing its proposal.</p> <p>The Commission requires more detail on the governance arrangements for each of these reviews, the scope and areas covered, how the reviews were undertaken, the decisions that were made, and the impact of those decisions on the proposal.</p>
Commission page reference to Transpower's RCP2 proposal:	Section 5.7
Information requirement:	<p>In Section 5.7 of the proposal Transpower sets out four successive challenge rounds that 'stress tested' the bottom up expenditure forecasts. In the proposal the challenge rounds are defined as:</p> <ul style="list-style-type: none"> • Business Owner Review; • RCP2 Advisory Team Review; • CEO Review; • Board Review. <p>In addition to the above Transpower also identifies the Capital Governance Team as a reviewing body.</p> <p>The proposal also discusses the Top Down capex review.</p> <p>For each of the above reviews, please provide copies of</p>

	<p>documentation that supports and provides evidence for Transpower’s view that the challenge and top down reviews have provided assurance that the expenditure proposals for RCP2 base capex and opex are prudent.</p> <p>It is expected that this documentation will include, but not be limited to:</p> <ul style="list-style-type: none"> • A full description of the various teams and groups, their roles, review coverage (expenditure categories subject to challenge) and scope (e.g. policy, fleet/portfolio strategy, portfolio expenditure, project/programme expenditure, assumptions, cost estimation, delivery, procurement), review terms of reference and members (i.e. who undertook the review, details of approvals and quality assurance arrangements for each review). • The timing and sequence of the challenges and top down reviews undertaken. • The approach and methodology used for each review/team. • Evidence of consideration of risk/cost and price/quality trade-off assessments made when finalising decisions in the reviews. • Evidence of the success of the reviews by way of pre and post expenditure forecasts.
<p>Certification required:</p>	<p>Consistent with internal Transpower requirements for supplying additional information to the Commission.</p>

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	10 January 2014
Due date:	19 January 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q005 (doc #1649910)
Subject:	Asset management reviews
Document reference:	Section 2.7.5 Asset Management Initiatives
Objective of information requirement:	<p>In discussions Transpower has indicated to the Commission its intention to seek PAS 55 accreditation in 2015. Transpower has advised that it has initiated a project to address identified gaps in its asset management capability.</p> <p>The Commission wishes to better understand the identified gaps and the implications these may have on the forecast expenditure for RCP2 and the future performance of the network.</p>
Information requirement:	<p>Please provide:</p> <ul style="list-style-type: none"> • A copy of all assessments, briefings and reports that Transpower has obtained from its independent advisors relating to its PAS 55 certification change management project. • A summary of the matters required for resolution before Transpower is able to achieve PAS 55 accreditation and a copy of Transpower's plan for achieving that (ie, required actions, assigned responsibilities and target timetable).
Certification required:	Consistent with internal Transpower requirements for supplying additional information to the Commission.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	10 January 2014
Due date:	19 January 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q006 (doc #1649913)
Subject:	Asset Risk Management
Document reference:	2.7.7 Asset Risk Management AM02 – AM06 Asset Lifecycle Strategies
Objective of information requirement:	The Commission wishes to understand the changes that have occurred and are forecast to occur in Transpower’s assets in RCP1, RCP2 and future RCP3. The Commission intends to use this information to understand the linkages between capex and opex and asset condition/health.
Information requirement:	The Commission is seeking the following data for each class of primary assets: <ol style="list-style-type: none"> 1. Average asset age; 2. Average asset condition; 3. Asset health indices or average remaining life (we note that Transpower has developed health indices for three classes of primary assets); 4. Average asset criticality. <p>The above data should be actual values for each of the first three RCP1 years (2011/12 through 2013/14) and forecast values for the final year of RCP1 (2014/15), for RCP2 and for RCP3.</p> <p>Please provide the above information in MS Excel in a format that will enable the Commission to plot the values against actual/forecast annual capex and opex for the primary asset classes. If possible data should be provided for each asset portfolio (capex) and each asset</p>

	fleet (opex).
Certification required:	Consistent with internal Transpower requirements for supplying additional information to the Commission.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	10 January 2014
Due date:	24 January 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q007 (doc #1649914)
Subject:	Capex/Opex trade-off
Document reference:	AM02 – AM06 Asset Lifecycle Strategies POD9 – Indoor to outdoor conversions POD12 – ACS Power Transformers Section 4.3.2 Grid Capex in RCP1 Section 7 .1 Grid Opex in RCP2
Objective of information requirement:	The Commission wishes to gain a detailed understanding of how Transpower makes capex/opex trade-off decisions. The objective of this information request is to use an example or case study that demonstrates the decision process and shows the practical application of an actual trade-off made in the RCP2 expenditure proposal.
Information requirement:	Transpower has provided its asset lifecycle and portfolio strategies that set out how Transpower manages its assets. Please provide more detailed information that demonstrates how these strategies are applied in practice when making asset lifecycle decisions: <ul style="list-style-type: none"> • documentation and data that demonstrates how asset lifecycle decisions were made for the following asset portfolios: <ol style="list-style-type: none"> 1. AC Power Transformers; and 2. indoor/outdoor switchgear conversions. • for each portfolio the information should include, but not be limited to documentation and data that records: <ol style="list-style-type: none"> 1. asset management decisions made in RCP1

	<p>for the two asset portfolios (this should demonstrate the methodology/process used);</p> <ol style="list-style-type: none"> 2. information and data (including sources) relied upon when making the decisions; 3. capex and opex expenditure changes arising from the decisions made; 4. expected benefits (qualitative and quantitative); 5. actual and forecast annual capex and opex for each year of RCP1 and RCP2; 6. quantified measureable benefits that are forecast to be realised in RCP2 from asset lifecycle decisions made in RCP1; and 7. quantified measureable benefits that are expected to be realised in RCP3 from asset lifecycle decisions made when establishing the expenditure forecasts for RCP2. <p>Please provide the information requested above in MS Word, PDF and/or MS Excel formats as applicable.</p>
<p>Certification required:</p>	<p>Consistent with internal Transpower requirements for supplying additional information to the Commission.</p>

**Commerce Commission additional information
requirement for Transpower RCP2 Proposal**

Tracking number:	Q008
Subject	Question not sent to Transpower

**Commerce Commission additional information
requirement for Transpower RCP2 Proposal**

Tracking number:	Q009
Subject	Question not sent to Transpower

**Commerce Commission additional information
requirement for Transpower RCP2 Proposal**

Tracking number:	Q010
Subject	Question not sent to Transpower

**Commerce Commission additional information
requirement for Transpower RCP2 Proposal**

Tracking number:	Q011
Subject	Question not sent to Transpower

**Commerce Commission additional information
requirement for Transpower RCP2 Proposal**

Tracking number:	Q012
Subject	Question not sent to Transpower

**Commerce Commission additional information
requirement for Transpower RCP2 Proposal**

Tracking number:	Q013
Subject	Question not sent to Transpower

**Commerce Commission additional information
requirement for Transpower RCP2 Proposal**

Tracking number:	Q014
Subject	Question not sent to Transpower

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	11 February 2014
Due date:	17 February 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q015 (filesite # 1668910)
Subject:	Supporting Documentation for Strategic Land Purchases
Objective of information requirement:	We are considering IM amendments requested by Transpower in the context of the RCP2 IPP. We require information to allow us to understand the policies and processes, including cost benefit analysis, used to determine whether the forecast expenditure for strategic land is prudent and in the long-term interest of consumers, and to approve the purchase of strategic land.
Information requirement:	<p>Please provide us with:</p> <ol style="list-style-type: none"> 1. A description of the analysis and approval processes for acquiring land to be held for strategic purposes. 2. Copies of Transpower's relevant policies, needs analysis requirements, and other key process documents Transpower has for strategic land purchases
Certification required:	Consistent with internal Transpower requirements for supplying additional information to the Commission.

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Date requested by Commission:	13 February 2014
Due date:	20 February 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q016
Subject:	Grid Training Components of Transpower Opex and Capex.
Objective of information requirement:	<p>From the information provided by Transpower, the expenditure for training in the RCP2 Submission is for provision of training, and the cost of travel and accommodation for the Transpower maintenance and service providers</p> <p>The purpose of this request is to ascertain is what are the costs for the operation of the Grid Skills group and capital cost associated with facilities and equipment for training of service providers in RCP2, and what proportion of those costs are included in the RCP2 proposal.</p>
Commission page reference to Transpower's RCP2 proposal:	Main proposal sec 7.5.2 POD PD 53
Information requirement:	<ul style="list-style-type: none"> • Please provide all forecast opex and capex (eg. facilities and equipment) for grid training for RCP2. • Please provide a schedule showing the allocation of the forecast opex and capex for grid training between that included in the RCP2 expenditure proposal and the total forecast. • Please provide the policy/methodology for cost allocation between grid training opex and capex included in the RCP2 expenditure proposal and the total forecast in accordance with the IMs. • For all forecast opex and capex grid training

	included in the RCP2 expenditure proposal, state under what expenditure categories the expenditure is located.
Certification required:	Consistent with internal Transpower requirements for supplying additional information to the Commission.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	12 February 2014
Due date:	19 February 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q017
Subject:	System Operator/ Grid Owner OPEX Departmental Cost Split
Objective of information requirement:	The purpose of this request is to ascertain that Transpower's departmental expenditure is cost allocated correctly between the Transpower Grid Owner and System Operator Functions.
Information requirement:	<ul style="list-style-type: none"> • Please provide a schedule showing the split of costs between Grid Owner and System Operator functions. • Please provide the Transpower policy/methodology for cost allocation of the departmental expenditure between the Grid Owner and the System Operator Functions in accordance with the IMs.
Certification required:	Consistent with internal Transpower requirements for supplying additional information to the Commission.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	13 February 2014
Due date:	20 February 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q018
Subject:	ACS Indoor to Outdoor Conversion
Document reference:	Transpower IPP proposal
Objective of information requirement:	To understand the information relating to ACS indoor to outdoor conversions which was handed out by Transpower at the on-site session on 10 February 2014.
Information requirement:	<ul style="list-style-type: none"> • Please advise the status of the Grid R&R capex summaries covering ACS Outdoor to Indoor Conversions and ACS Power Transformers relative to the RCP2 proposal (documents as provided to the Commission and its advisors at the onsite session on 10 February 2014). • Please reconcile the data in these two summary tables against the equivalent summary tables provided in the RCP2 proposal (refer document AP01, page 11 (conversions) and pages 13 and 14 (transformers)). • If the summary tables handed out represent a snapshot of the latest views of these two expenditure areas, please confirm that it is correct to assume that the indicated savings (when compared with the RCP2 proposal) are achievable.
Certification required:	Consistent with internal Transpower requirements for supplying additional information to the Commission.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	13 February 2014
Due date:	20 February 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q019
Subject:	Variations to asset preventative maintenance specifications
Document reference:	Transpower IPP proposal
Objective of information requirement:	To enable comparison of past and future preventative maintenance expenditure it is necessary to identify and understand the implications of any material changes that have been made to the specifications for preventative maintenance.
Information requirement:	<ul style="list-style-type: none"> • Please identify any changes made, during RCP1, to preventative maintenance schedules that Transpower considers would have had a material effect on the cost of undertaking the maintenance for that asset class and/or fleet. • For any material changes, please provide a summary of the change and Transpower's estimate of the likely impact of the change on preventative maintenance costs.
Certification required:	Consistent with internal Transpower requirements for supplying additional information to the Commission.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	13 February 2014
Due date:	20 February 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q020
Subject:	Application of productivity and maintenance efficiency adjustments
Document reference:	Transpower IPP proposal
Objective of information requirement:	<p>To confirm the Commission's understanding of Transpower's proposed productivity and maintenance efficiency adjustments and to establish how Transpower intends to implement, measure, and monitor these adjustments in practice.</p> <p>Productivity adjustment</p> <p>In MP01 (page IV) Transpower states that it has applied a 7.5% productivity adjustment to its (nominal) Grid and ICT capex forecasts.</p> <p>We understand that the productivity adjustment has been applied to the total base capex nominal annual values in the RT01 template and that no productivity adjustment has been made to the forecast expenditure in the Integrated Transmission Plan (RT06).</p> <p>We understand from our so-site discussions with Transpower that productivity adjustment will be applied as a 'blanket' adjustment across all base capex for the purposes of setting internal budgets.</p> <p>Opex reduction</p> <p>In section AP02 section 3.3.2 Transpower states that <i>'we have included a \$27.5m reduction based on the maintenance efficiency study.'</i></p> <p>From our on-site discussion with Transpower we understand that the \$27.5m figure is an aggregation of</p>

	<p>reductions made to preventative and corrective expenditure forecasts for individual asset fleets.</p> <p>We understand that Transpower has included the reductions in both the RT01 and RT06 forecast opex for each asset fleet.</p>
Commission page reference to Transpower's RCP2 proposal:	<p>AP02 section 3.3.2</p> <p>1660210_Q003 - Response to Commerce Commissions request for Additional Information - Productivity Adjustment - Q003-01.DOC</p>
Information requirement:	<p><i>Productivity adjustment</i></p> <ul style="list-style-type: none"> • Please confirm that our understanding on the capex productivity adjustment is correct. • Please provide an explanation of how Transpower intends to measure the achievement of the productivity adjustment during RCP2 and the steps to be taken to ensure that the gains are due to productivity improvements and not imprudent and/or inefficient deferral of work. <p><i>Opex reduction</i></p> <ul style="list-style-type: none"> • Please confirm that our understanding on the opex reduction to maintenance expenditure is correct. • Please provide an explanation on how Transpower intends to measure the achievement of the efficiency during RCP2 and the steps to be taken to ensure that the gains are due to efficiency improvements and not suboptimal asset lifecycle management.
Certification required:	<p>Consistent with internal Transpower requirements for supplying additional information to the Commission.</p>

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	13 February 2014
Due date:	20 February 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q021
Subject:	Update of 2013/14 expenditure forecast
Document reference:	Transpower IPP proposal
Objective of information requirement:	To gain an update on the 2013/14 forecast expenditure (base capex and opex) contained in the RCP2 Forecasts and Revenue.xlsx (RT01) and Integrated Transmission Plan provided as part of the RCP2 proposal included (RT06)
Commission page reference to Transpower's RCP2 proposal:	RT01 RCP2 Forecasts and Revenue.xlsx RT06 Integrated Transmission Plan.xlsx
Information requirement:	Updates for the above Excel spreadsheets providing the most recent forecast year outcomes expenditures for each line item for 2013/14.
Certification required:	Consistent with internal Transpower requirements for supplying additional information to the Commission.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	13 February 2014
Due date:	20 February 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q022
Subject:	Business function architecture
Objective of information requirement:	To obtain a better understanding of Transpower's business functions
Information requirement:	Please provide a copy of the CSS High level Business Function Architecture document
Certification required:	Consistent with internal Transpower requirements for supplying additional information to the Commission.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	13 February 2014
Due date:	20 February 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q023
Subject:	Capex Projects status
Document reference:	Transpower RCP2 proposal
Objective of information requirement:	To better understand the level of accuracy of capex project cost estimates
Commission page reference to Transpower's RCP2 proposal:	Section 6.2.3 Cost Estimation
Information requirement:	<p>Please provide a summary as at the date of the RCP2 expenditure proposal of the project approval status of Grid Capital Expenditure, by approval Gate, and reconciling that project expenditure to the total proposed Grid capex per the proposal. For clarification, we seek the dollar amounts (in \$real terms) of proposed expenditure by:</p> <ul style="list-style-type: none"> • BC1 (please also subdivide according to BC1+ and other BC1) • BC2 • BC3 • Current WUC. <p>Please also describe the differences in the cost estimation process used at different gate stages; for example, with respect to the level of granularity of the estimate, site-specific factors etc.</p>
Certification required:	Consistent with internal Transpower requirements for supplying additional information to the Commission.

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Date requested by Commission:	13 February 2014
Due date:	20 February 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q024
Subject:	Project close out reports
Objective of information requirement:	To better understand Transpower's project management practices and performance
Commission page reference to Transpower's RCP2 proposal:	Asset management initiatives, PAS-55, p10
Information requirement:	<p>Please provide a table summarising:</p> <ol style="list-style-type: none"> 1. A list of base capex projects completed during RCP1 for which Project 'close out' reports (or equivalent) have been completed. 2. The list should include high-level project information that is available and easily accessible from Transpower's project management system. Information we would expect to be easily accessed includes – key project characteristics (including project title/description, and forecast and actual start/finish dates, expenditure, and benefits). 3. Identify a selection of projects on the list that Transpower considers would provide good examples of how close-out assessments are undertaken on base capex projects and provide the relevant 'close out' reports (excluding those provided in response to Q031).
Certification required:	Consistent with internal Transpower requirements for supplying additional information to the Commission.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	13 February 2014
Due date:	20 February 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q025
Subject:	Preventive and corrective routine maintenance
Document reference:	Transpower RCP2 proposal
Objective of information requirement:	To assist in assessing the validity of the proposed routine maintenance allowance and maintenance work prioritisation
Commission page reference to Transpower's RCP2 proposal:	Section 7.3 Routine Maintenance and time trends for corrective maintenance
Information requirement:	<ol style="list-style-type: none"> 1. For each of the five years ending with the end of RCP1 (i.e. to 2014/15) and for each of the years in RCP2, please provide the expenditure/proposed expenditure on routine maintenance, subdivided into preventive and corrective. 2. Please explain any significant variations between preventive and corrective maintenance in the time trend data. For example in the on-site sessions, a significant step change in transmission lines routine maintenance was identified between 2009/10 and 2010/11. 3. Please provide a description of the 5 'priority' levels to which corrective maintenance work is assigned. 4. Please provide a time trend analysis showing corrective maintenance expenditure according to its priority. 5. Please provide any analysis that Transpower is

	<p>able to provide on its levels of defects requiring corrective maintenance. This could include (for example) analysis showing the corrective maintenance “value” of identified defects over time classified by priority, the size of the backlog of such defects over time, and performance in clearing defects within the time prescribed by their priority rating. (To the extent possible, any such analysis should be up to and including the date at which the RCP2 proposal was prepared).</p> <p>6. To the extent possible, please provide any projections that Transpower has done indicating its future assumed incidence of defects requiring corrective maintenance (i.e. continuing on from the historical data above, and to the end of RCP2), their breakdown in terms of priority, and projected movement in backlog over time based on the corrective maintenance expenditure proposed for RCP2. If any sensitivity analysis has been done, then please also provide this.</p>
<p>Certification required:</p>	<p>Consistent with internal Transpower requirements for supplying additional information to the Commission.</p>

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	13 February 2014
Due date:	20 February 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q026
Subject:	RCP1 ICT capex initiatives
Document reference:	Transpower IPP proposal
Objective of information requirement:	To better understand the delivery performance of the RCP1 IT capex initiatives
Commission page reference to Transpower's RCP2 proposal:	Table 6, p27 Section 8.1.2 ICT Capex, p88
Information requirement:	<p>Please provide a table reconciling forecast RCP1 ICT capex performance by project with actual performance against key parameters, including at least the following:</p> <ul style="list-style-type: none"> - Expenditure – total and by year - Scope (ie. were there any adjustments to scope) - Schedule (start/finish) - Benefits realisation - Brief explanations of variances
Certification required:	Consistent with internal Transpower requirements for supplying additional information to the Commission.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	13 February 2014
Due date:	20 February 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q027
Subject:	Maintenance Efficiency Study
Document reference:	Transpower RCP2 proposal
Objective of information requirement:	Transpower has based its proposed efficiency adjustments to preventative maintenance expenditure on a maintenance efficiency study that was undertaken by an independent advisor.
Information requirement:	Please provide the independent advisor report that was produced by this study.
Certification required:	Consistent with internal Transpower requirements for supplying additional information to the Commission.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	13 February 2014
Due date:	20 February 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q028
Subject:	Overheads allocation
Document reference:	Transpower RCP2 proposal
Objective of information requirement:	To facilitate time trend comparisons of maintenance and corporate expenditure on a consistent basis.
Commission page reference to Transpower's RCP2 proposal:	Section 7 Grid Operation Expenditure and Section 9 Corporate and Business Support
Information requirement:	<ul style="list-style-type: none"> • Please describe any changes in regulatory accounting policies with respect to the allocation of overheads that have occurred in the 5 years 2010/11 to 2014/15 and/or changes which have been applied in budgeting for RCP2, and the estimated financial impact of those changes. • In particular, please provide the above information for the change in the allocation of overheads between Maintenance and Corporate (in relation to provision of services by Service Providers), that was referred to at the opex on-site session.
Certification required:	Consistent with internal Transpower requirements for supplying additional information to the Commission.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	13 February 2014
Due date:	20 February 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q029
Subject:	ITP: Grid Output Measures and Linkage with Expenditure
Document reference:	Transpower RCP2 proposal
Objective of information requirement:	In the proposal Transpower has set out its proposed Grid Output Measures. It has also noted that the measures are not directly linked to expenditure but rather such things as asset health and criticality are utilised. While this may be the case currently, there does not appear to be a description or explanation on how Transpower intends to integrate the service performance targets into its planning and operations, nor the specific steps and milestones for achieving the level of integration envisaged in the Capex IM, Schedule E, clause E2(1)(g).
Commission page reference to Transpower's RCP2 proposal:	Chapter 10 of the Expenditure Proposal, Service Performance Measures (BR04).
Information requirement:	Please provide: <ul style="list-style-type: none"> • A detailed description, including plans, milestones and processes, showing how Transpower intends to deploy the linkages between the proposed grid output measures and capex and opex.
Certification required:	Consistent with internal Transpower requirements for supplying additional information to the Commission.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	13 February 2014
Due date:	20 February 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q030
Subject:	Project cost estimation outturns
Document reference:	Transpower RCP2 proposal
Objective of information requirement:	To better understand the level of accuracy of project cost estimates for non-volumetric projects
Commission page reference to Transpower's RCP2 proposal:	Section 6.2.3 Cost Estimation
Information requirement:	<ul style="list-style-type: none"> • Please provide the analysis that Transpower has conducted to assess the accuracy of its cost estimation process by reference to actual costs. <i>This request is based on the reference in the on-site meeting of 11th February to an analysis of approximately 100 projects.</i> • For clarification, this analysis may include both capex projects and maintenance projects. • Please provide a statement regarding the representativeness of the data. • Please comment on any trends in estimation accuracy that Transpower is aware of (with supporting evidence). • To the extent possible, the analysis should be of projects completed within RCP1, should be presented with both estimates and outturn costs in \$real terms, should be on a consistent basis (eg with respect to capitalisation of overheads, inclusion of IDC etc) and should show the cost estimates as they evolved through the gates BC1, BC2, BC3, any

	<p>subsequent re-estimates following approval, and final outturn costs.</p> <ul style="list-style-type: none"> • Please annotate any material changes in scope that might influence the assessment of cost estimation accuracy from this dataset. • Please provide the data on an aggregate statistical basis and on a project by project basis.
<p>Certification required:</p>	<p>Consistent with internal Transpower requirements for supplying additional information to the Commission.</p>

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	13 February 2014
Due date:	20 February 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q031
Subject:	<p>Major RCP1 ICT capex initiatives:</p> <ol style="list-style-type: none"> 1. Upgrade of shared services infrastructure 2. TransGO (telecommunications renewal) 3. Maximo (asset management capability) 4. SCADA upgrade
Document reference:	Transpower RCP2 proposal
Objective of information requirement:	To better understand the justification for, and the performance to date of, the four major ICT capex initiatives in RCP1
Commission page reference to Transpower's RCP2 proposal:	Section 8.1.2 ICT Capex, p88
Information requirement:	<p>In addition to the information requested in Q026, for each of the four major RCP1 ICT capex projects above:</p> <ul style="list-style-type: none"> • Please provide the approved Business Case. • Please provide the "Close Out" report.
Certification required:	Consistent with internal Transpower requirements for supplying additional information to the Commission.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	13 February 2014
Due date:	20 February 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q032
Subject:	RCP2 ICT initiatives
Document reference:	Transpower RCP2 proposal
Objective of information requirement:	To better understand the link between ICT capex and opex and benefits
Commission page reference to Transpower's RCP2 proposal:	Section 8.3.2 ICT Strategies, p92 Section 8.2.1 ICT Framework
Information requirement:	<ul style="list-style-type: none"> Please explain the productivity and/or efficiency benefits forecast to accrue from the RCP2 proposed average annual ICT capex and opex of approx. \$100m. <i>Appropriate supporting documents should be supplied to support all material conclusions in the explanation.</i>
Certification required:	Consistent with internal Transpower requirements for supplying additional information to the Commission.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	13 February 2014
Due date:	20 February 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q033
Subject:	Major RCP2 ICT capex initiatives: 1. SCADA/RTS 2. Asset management 3. Core ICT infrastructure 4. Telecom services infrastructure
Document reference:	Transpower RCP2 proposal
Objective of information requirement:	To better understand the justification for the four major ICT capex initiatives in RCP2, particularly the expected tangible benefits
Commission page reference to Transpower's RCP2 proposal:	SCADA/RTS: section 8.5.1, p94 Asset management: section 8.5.2, p96 ICT infrastructure components: section 8.5.4, p99 Telecom services infrastructure: section 8.5.6, p101
Information requirement:	Please provide the approved Business Case for each of the four above major capex projects.
Certification required:	Consistent with internal Transpower requirements for supplying additional information to the Commission.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	13 February 2014
Due date:	20 February 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q034
Subject:	Secondary Assets expenditure profile
Document reference:	Transpower IPP proposal
Objective of information requirement:	It was identified in the on-site sessions that the Secondary Assets expenditure forecast for RCP2 ramps downwards over the five year regulatory period. This is identified as being driven by the forecast expenditure on the Substation Management Systems component. The Commission is seeking to understand the reason for this profile.
Information requirement:	<p>Please provide for each year of the RCP2 Substation Management Systems capex forecast:</p> <ul style="list-style-type: none"> • the assumptions for and key drivers of the expenditure forecast. • explanations for the movements in the expenditure profile between years.
Certification required:	Consistent with internal Transpower requirements for supplying additional information to the Commission.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	13 February 2014
Due date:	20 February 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q035
Subject:	ICT Opex - Shared Services
Document reference:	Transpower RCP2 proposal
Objective of information requirement:	To better understand the difference between the historic and forecast opex for ICT shared services
Commission page reference to Transpower's RCP2 proposal:	Figure 60, section 8.6.4, p105
Information requirement:	Please explain the increase in annual ICT shared services opex from 2009/10 to 2014/15.
Certification required:	Consistent with internal Transpower requirements for supplying additional information to the Commission.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	13 February 2014
Due date:	20 February 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q036
Subject:	System operator – ICT cost allocation
Objective of information requirement:	To better understand the delivery performance of the RCP1 IT capex initiatives
Commission page reference to Transpower’s RCP2 proposal:	Forecasting approach, section 8.4, p92
Information requirement:	<ul style="list-style-type: none"> • Please provide a schedule showing the split of ICT costs between Grid Owner and System Operator functions • Please explain how ICT expenditure is cost allocated to the System Operator including key causal drivers. This explanation should be referenced to, or supported by copies of, Transpower’s policies and reports that demonstrate all material points or conclusions in the explanation.
Certification required:	Consistent with internal Transpower requirements for supplying additional information to the Commission.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	13 February 2014
Due date:	20 February 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q037
Subject:	Volumetric projects cost outturns
Document reference:	Transpower IPP proposal
Objective of information requirement:	To better understand the level of accuracy of project cost estimates for volumetric projects
Commission page reference to Transpower's RCP2 proposal:	Section 6.2.3 Cost Estimation
Information requirement:	<p>Please provide an analysis of variances for volumetric projects undertaken in RCP1, and relate this to proposed volumetric projects in RCP2:</p> <ul style="list-style-type: none"> • To the extent possible, the information should show for each program of work, (e.g. the Tower Painting programme): <ol style="list-style-type: none"> i. The RCP1 budget allowance, assumed volumes, and resulting unit costs (derivable from the former) for these programmes, year by year, for RCP1 (i.e. including the two "estimate" years of RCP1). ii. The actual expenditure, actual volumes achieved and resulting average unit costs for each of the five years ending with the end of RCP1 (i.e. from 2010/11 to 2014/15 inclusive), noting that the final two years of RCP1 are "latest estimates". iii. The proposed budget, proposed volumes and resulting assumed unit costs, year by year, for RCP2. • The analysis should be presented with both

	<p>allowances and outturn costs in \$real terms and should be on a consistent basis (eg with respect to capitalisation of overheads, inclusion of IDC etc).</p> <ul style="list-style-type: none"> • Annotate any material changes in the scope of these programs, to the extent that there are material changes in volumes and/or unit costs.
Certification required:	Consistent with internal Transpower requirements for supplying additional information to the Commission.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	14 February 2014
Due date:	19 February 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q038 (doc # 1671010)
Subject:	TM1 information for three Base Capex portfolios
Objective of information requirement:	The purpose of this request is to review the expenditure data for a selection of portfolios
Commission page reference to Transpower's RCP2 proposal:	RT01
Information requirement:	<p>Attachment RT01 that was supplied as part of the RCP2 submission contains various pieces of financial information for the Base Capex portfolios.</p> <p>During the TM1 review session Transpower showed the TM1 information to Commerce Commission staff.</p> <p>Please provide the following information for the RCP2 periods from TM1, at a project level, for the portfolios listed below:</p> <ul style="list-style-type: none"> • Expenditure excluding IDC • IDC • Inflation adjustment • Nominal Expenditure including IDC • Total capitalised • Commissioning date (if available) <p>The portfolios that the information is required for are:</p> <ul style="list-style-type: none"> • TL Paint • ACS Outdoor to Indoor Conversions • ACS Power Transformers <p>The data should be provided in Excel or a compatible format</p>

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	17/2/2014
Due date:	19/2/2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q039
Subject:	Tower Painting Forecast
Objective of information requirement:	On February 13 th at a walk-through of the Tower Painting forecast, TP provided the Commission with hardcopies of the Tower Painting programme indicating number of towers and unit cost at a project level for RCP2.
Information requirement:	Please provide the soft copy version in Excel or similar as offered at the time of the meeting.
Certification required:	Consistent with internal Transpower standards for supplying information to the Commission

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	24 February 2014
Due date:	14 March 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q040
Subject:	ITP narrative requirements
Objective of information requirement:	The following information is required for us to determine Transpower's long term plan for the operation of the grid and be confident that the RCP2 proposal complies with the ITP narrative information requirements in schedule E of the Capex IM.
Information requirement:	Please complete the ITP narrative requirements template.
Certification required:	Consistent with internal Transpower requirements for supplying additional information to the Commission.
Commission templates to be completed	
Document # Q040 - 01	<p><u>ITP Narrative Requirements</u></p> <p>Content of Commission template here</p>

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	24 February 2014
Due date:	Part 1: 3 March 2014 Parts 2 & 3: 7 March 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q041
Subject:	Asset Management Model outputs as inputs to RT01 Base Capex
Document reference:	RCP2 Financial Regulatory Templates – System Diagram & Data Flows diagram. MD03 Power Transformers Transpower’s response to Q038 RT06 Integrated Transmission Plan
Objective of information requirement:	<ol style="list-style-type: none"> 1. To confirm the Commission’s understanding of the relationship between the Asset Management Models (AMM) outputs and the RT01 regulatory template for Base Capex. 2. To identify and understand the reasons for any variation between the AMM information and the base capex in the RT01 regulatory template (using power transformers as an initial example). 3. To identify if the asset health indices (AHI) provided to the Commission in MD03 (and other AHI models) and in reports and asset fleet documents relate to resulting AHI for pre or post variation expenditure levels.
Information requirement:	<p>Part 1:</p> <p>Please confirm the Commission’s understanding that that the assets identified for replacement during RCP2</p>

	<p>in the Asset Management Models (the series MD01 to MD11) are subjected to subsequent prioritisation which results in differences between the projects determined by the AHI model and those included in the RT01 Base Capex expenditure.</p> <p>Part 2:</p> <p>For Power Transformers (MD03), if the individual asset replacements included in the RT01 base capex expenditure forecasts are not identical to those provided in the 'Model Output' and 'AHI Analysis' tabs of MD03, identify the differences. Also provide reasons for the differences.</p> <p>Part 3</p> <p>Please confirm if the power transformer asset health diagrams contained in MP01, MD03, FS07, Board papers, CGT and Advisory Group papers are based on the AMM output prior to prioritisation and scheduling adjustments. If not please set out how the diagrams have been generated.</p>
<p>Certification required:</p>	<p>Consistent with internal Transpower requirements for supplying additional information to the Commission.</p>

Commerce Commission additional information requirement for Transpower RCP2 Proposal	
Date requested by Commission:	24 February 2014
Due date:	14/3/2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q042
Subject:	Cost estimate breakdown
Objective of information requirement:	<p>In the TEES workshop held at TP on 20th February the Commission was shown:</p> <ul style="list-style-type: none"> • The building block cost estimate for “Painted, Zinga <230 m2” Tower painting • The cost estimate for the WTK T23 and T24 transformer replacement project (WID 35936) • The default “S-curve” for cost timing profiles <p>We need the information below to understand how cost-estimates in the RCP2 proposal were built up.</p>
Information requirement:	Please provide a cost estimate of the two items above; broken down to the lowest level and the S-curve (preferably as numeric rather than graphic output).
Certification required:	Consistent with internal standards for supplying information to the Commission

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	25 February 2014
Due date:	Part 1: 28 February 2014 Part 2: Due on sign off
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q043
Subject:	MACM Model
Objective of information requirement:	<p>We attended a MACM “walk-through” session at Transpower on the 25th February to review the model used to forecast Routine Maintenance (Grid Opex).</p> <p>In order to review the robustness of the model and its output we request the following:</p>
Information requirement:	<p>Part 1</p> <p>The Commission was shown an example of the model’s capability through example output.</p> <ul style="list-style-type: none"> • Could we please have this output in Excel form or similar. <p>Part 2</p> <p>We understand that Deloitte is to provide Transpower with a letter that documents Transpower’s formal acceptance of the MACM model, which was jointly built by Deloitte and Transpower staff.</p> <p>We would like to understand the scope of the underlying testing carried out to ensure the model has generated fit for purpose expenditure forecasts for grid maintenance expenditure for RCP2, and that forms the basis of the acceptance. We request:</p> <ul style="list-style-type: none"> • A copy of Deloitte’s ‘acceptance’ letter signed by Transpower

	<ul style="list-style-type: none">• Description of the scope of testing carried out as the basis for acceptance of the MACM model.
Certification required:	Consistent with internal standards for supplying information to the Commission.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	25 February 2014
Due date:	7 March 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q044
Subject:	Meeting Documentation
Objective of information requirement:	In order to review the RCP2 Challenge Round Process, the Commission would like to see the documentation relating to Meetings held in review of AC Stations Capex and Grid Opex.
Information requirement:	Documents requested are: <ul style="list-style-type: none"> • Advisory Team slides #27 #28 #30 #32 #35 #36 • CGT presentations: 30/05/13, 06/06/13, 27/06/13 • Board RCP2 papers: 20/06/13, 15/08/13, 19/09/13, 14/11/13
Certification required:	Consistent with internal standards for supplying information to the Commission

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	27 February 2014
Due date:	15 March 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q045
Subject:	TM1 Output
Objective of information requirement:	In response to Q38, we were provided output from TM1 on Power Transformers, ODID and Tower Painting. We are seeking to understand the treatment of specific items.
Information requirement:	<p>Could you explain these items:</p> <ul style="list-style-type: none"> • WID 38057 and WID 38523 – have interest as the only expenditure incurred after capitalisation of the investigation costs and this is then capitalised in RCP2. What is the justification for the interest expense? • The capitalisation of expenditure on WID 35936 and 37645 • Why Painting Assessments WIDs 37515-37518 and 37484 are forecast as part of the volumetric forecast for tower painting as a whole <p>Further, could you provide us with the expenditure timing assumption used to calculate IDC for tower painting projects.</p>
Certification required:	Consistent with internal standards for supplying information to the Commission

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	10 March 2014
Date information is required to be provided:	17 March 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q046 (doc #1683458)
Subject:	Opex allowance: insurance premiums and self-insurance allowance
Document reference:	PD56
Objective of information requirement:	<p>We need the information below to analyse Transpower's proposal for an opex allowance in RCP2 covering insurance premiums and a self-insurance allowance.</p> <p>Transpower will be aware that in making the 2012 EDB DPP starting price adjustment, we applied objective criteria to decide whether to recognise self-insurance arrangements and to allow for self-insurance amounts in setting the price path. As part of our analysis, we wish to test Transpower's contractual self-insurance arrangements.</p> <p>We also wish to understand how much of the proposed amounts are attributable to material damage to transmission assets and how much is to cover Transpower or for additional costs or loss of profits relating to business interruption.</p> <p><i>All financial breakdowns requested in this information request are to be in real 2012/13 NZ\$ (m) unless otherwise stated.</i></p>

**Commerce Commission additional information
requirement for Transpower RCP2 Proposal**

Tracking number:	Q047
Subject	Question not sent to Transpower

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	17 March 2014
Due date:	24 March 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q048
Subject:	Costs for individual E & D projects in PDs 33, 35, 39
Objective of information requirement:	To better understand the cost of the project works at each site that make up the project list described in the PODs
Commission page reference to Transpower's RCP2 proposal:	PD 33, PD 35, PD 39
Information requirement:	<p>In each POD there are a number of sub-projects listed but the cost estimates provided in each of the PODs is a total for all of the sub-projects listed and not the costs for individual sub-projects.</p> <ul style="list-style-type: none"> • PD33 – the three sub-projects are (i) install bus section breaker and protection at Haywards; (ii) rearrange the 220 kV circuit terminations at Bunnythorpe; (iii) install two bus section breakers at Mt Roskill. The cost estimates provided in the POD is a total for the three sub -projects. Please provide a cost-estimate by sub-project, ie, site. This request is formalising an email request from[]. • PD35 – the three sub-projects are (i) replace Otahuhu T2 with a new 250 MVA bank; (ii) replace Otahuhu T4 with a new 250 MVA bank; (iii) replace Penrose T10 with a new 250 MVA bank. The cost estimates provided in the POD is a total for the three sub-projects. Please provide cost-estimates by sub-project. • PD39 – the two sub-projects are (i) upgrade the North Makarewa C1 and C3 from 50 MVar to 70 MVar; and (ii) add an additional new 70 MVar bank. The cost estimates provided in the POD is a total for

	<p>the two sub projects. Please provide a cost-estimate by sub-project.</p> <p>The cost estimates for each sub-project, must include the annual phasing for each project and the total cost for each project must be supplied, not just expenditure in RCP2, ie, if expenditure extends beyond RCP2 then it must also be supplied.</p>
<p>Certification required:</p>	<p>Consistent with internal Transpower requirements for supplying additional information to the Commission.</p>

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	17 March 2014
Due date:	24 March 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q049
Subject:	Reconciliation of subprojects costs in PD 31
Objective of information requirement:	Reconciliation of the individual sub projects costs with the totals in PD31
Commission page reference to Transpower's RCP2 proposal:	PD 31
Information requirement:	<p>The individual subproject costs listed on Page 4 do not add up to the totals provided in page 1. Please provide a reconciliation of the sub-project and the total project costs.</p> <p>The cost estimates for each sub project, must include the annual phasing for each project and the total cost for each project must be supplied, not just expenditure in RCP2, ie, if expenditure extends beyond RCP2 then it must also be supplied.</p>
Certification required:	Consistent with internal Transpower requirements for supplying additional information to the Commission.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	17 March 2014
Due date:	24 March 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q050
Subject:	Replacement of Degraded Conductors
Objective of information requirement:	Confirm list of condition driven conductor replacements
Commission page reference to Transpower's RCP2 proposal:	FS03 page 4
Information requirement:	<p>Transpower have provided a list of condition based reconductoring projects in fleet strategy FS03 where expenditure is expected in RCP2, but the expenditure has not been included in the RCP2 expenditure proposal.</p> <p>The Commission is considering ways to allow for these projects and further information is required about the list of projects and also the total project cost and phasing. For the purpose of these questions the projects will be referred to as "Named Projects" The two questions are</p> <ul style="list-style-type: none"> • Confirm that the list provided in the table on page 4 is the complete list of named projects. • Provide the expected total costs for each named project, and the phasing of the expenditure by year. This must also include expenditure that is outside of the RCP2 period.
Certification required:	Consistent with internal Transpower requirements for supplying additional information to the Commission.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	17 March 2014
Due date:	24 March 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q051
Subject:	Demand Assumptions for E&D projects
Document reference:	E&D project projects
Objective of information requirement:	To better understand demand driven E&D projects
Commission page reference to Transpower's RCP2 proposal:	PD 30-40
Information requirement:	<p>There are numerous references in PD30 – 44 that link the E&D forecast capex to the most recently published prudent demand forecast, which is the forecast set out in 2013 APR. We hold this view because each POD relating to demand-driven E&D expenditure clearly states this as an input assumption in the section headed “Generic assumptions underpinning the need – including any modelling used”.</p> <p>At the meeting held on 13 March 2014, Transpower stated that in fact updated analysis of the demand forecast has been used in developing the RCP2 E&D forecast.</p> <ul style="list-style-type: none"> • (a) Please provide the updated demand forecast (whether national or regional or both) relied upon to develop the RCP2 E&D forecast. • (b) If available, please provide the 2014 APR section(s) relevant to demand forecasting (even if this is provided as a confidential draft in lieu of the 2014 APR's anticipated publication in 2 weeks time), in particular any conclusions drawn from Transpower's review of its demand forecasting methodology, as signalled in the

	<p>2013 APR (section 4.5, page 34). We are particularly interested in the most up-to-date prudent demand forecast relevant to the E&D forecast and the status of the review of demand forecasting methodology that was signalled in the 2013 APR.</p>
<p>Certification required:</p>	<p>Consistent with internal Transpower requirements for supplying additional information to the Commission.</p>

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	18 March 2014
Due date:	25 March 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q052
Subject:	Asset Divestment
Objective of information requirement:	To better understand the level of potential capex and opex expenditure on assets earmarked for divestment.
Commission page reference to Transpower's RCP2 proposal:	
Information requirement:	<p>During discussions with Transpower there have references to the assumption that certain assets will be divested. For some of these assets opex and capex work on has been put on hold assuming that the divestments will progress, and the expenditure has been excluded from the expenditure proposal. Please provide the following information:</p> <ul style="list-style-type: none"> • For assets in the divestment process: what is the process that is used for deciding what work will be included in the expenditure proposal and what will be excluded? Please provide relevant information such as the allocation of probabilities against particular assets or sets of assets • A list of work that has been put on hold and excluded from the expenditure proposal and the phasing of the expenditure.
Certification required:	Consistent with internal Transpower requirements for supplying additional information to the Commission.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	19 March 2014
Due date:	31 March 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q053 (Rev1)
Subject:	Benefits derived from ICT projects
Document reference:	In the meeting on 14 March 2014 (between the Commission RCP2 team and the Transpower SMT), Transpower indicated that it could supply additional information on the breakdown of the realisation of benefits of ICT projects.
Objective of information requirement:	To better understand the forecast benefits to be accrued from RCP1 and RCP2 ICT projects, and how Transpower proposes to measure the actual performance of RCP1 and RCP2 ICT project benefits against the RCP1 and RCP2 forecast benefits.
Information requirement:	<ol style="list-style-type: none"> 1. Please provide a description of the policy and procedures for establishing ICT forecast project benefits and how Transpower measures actual accrued benefits against the forecast benefits over time, including how the accountability for the realisation of those benefits is assigned (i.e. particularly in the case of ICT projects that are aimed at realising benefits in business units other than the ICT team); and 2. Please provide a summary of the forecast RCP1 and RCP2 ICT project benefits, including the forecast value of the benefits, for each ICT project, indicating whether the benefits are in ICT or other Transpower business units, e.g. Transpower has indicated these could include: <ul style="list-style-type: none"> • Business benefits;

	<ul style="list-style-type: none"> • Cost reduction benefits; • Reliability of supply benefits; • Risk mitigation benefits; and • Benefits from improving the resilience of the network.
Certification required:	Consistent with internal Transpower requirements for supplying additional information to the Commission.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	18 March 2014
Due date:	26 March 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q054
Subject:	Cost estimation inputs
Document reference:	Transpower RCP2 proposal
Objective of information requirement:	To assess the validity of the inputs to cost estimation
Commission page reference to Transpower's RCP2 proposal:	Section 5.4 (capex) <i>Forecasting methodology and inputs</i> ; and Section 7.2.3 (opex) <i>Activity and cost forecasts</i> ; and <i>Handout RCP2 Financial regulatory Templates – System Diagram and & data Flows.</i>
Information requirement:	<p>For both of the costing systems (TEES and MACM), and to the extent the following questions are applicable in each case, please describe the process by which unit cost input assumptions are generated.</p> <p>The description should include:</p> <ol style="list-style-type: none"> 1. Frequency of updating of assumptions; 2. Triggers for updating; 3. Governance process covering updating; 4. Capture of actual cost information, and a description of the extent to which this is drawn from accepted tenders, non-accepted tenders, completed costs, or other sources (e.g. requests to vendors); 5. The extent to which Transpower has term supply arrangements, e.g. prices for agreed services and/or commonly-used equipment, and any exchange rate/hedging/escalator terms

	<p>typically in those arrangements, and the manner in which these prices and escalation terms are captured in the cost estimation systems; and</p> <p>6. Any adjustments made to actual or tendered costs in utilising these values as input assumptions in the costing systems, e.g. adjustments for inflation and/or real cost escalation, for removal of asymmetric risk allowances, removal of IDC or overheads capitalisation.</p>
<p>Certification required:</p>	<p>Consistent with internal Transpower requirements for supplying additional information to the Commission.</p>

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	18 March 2014
Due date:	26 March 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q055
Subject:	Cost estimation process
Document reference:	Transpower IPP proposal
Objective of information requirement:	To assess the validity of the cost estimation process
Commission page reference to Transpower's RCP2 proposal:	Section 5.4 (capex) <i>Forecasting methodology and inputs</i> ; Section 7.2.3 (opex) <i>Activity and cost forecasts</i> ; and <i>Handout RCP2 Financial regulatory Templates – System Diagram and & data Flows.</i>
Information requirement:	<p>7. For both of the costing systems (TEES and MACM), please provide a copy of the relevant manual or instructions describing the process and procedures for undertaking cost estimation using these systems; and</p> <p>8. To illustrate the cost estimation process, please provide:</p> <p style="padding-left: 40px;">(a) the book of unit cost rates as per the TEES and MACM costing systems at the time that the RCP2 forecasts were prepared; and</p> <p style="padding-left: 40px;">(b) cost estimation workings derivable from the raw unit costing information for:</p> <p style="padding-left: 80px;">(i) a selection of projects; and</p> <p style="padding-left: 80px;">(ii) a selection of routine maintenance activities.</p>
Certification required:	Consistent with internal Transpower requirements for

	supplying additional information to the Commission.
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Commerce Commission additional information requirement for Transpower RCP2 Proposal	
Date requested by Commission:	18 March 2014
Due date:	26 March 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q056
Subject:	Cost estimate breakdown for Tower Painting
Objective of information requirement:	The purpose of this request is to clarify that the costs in TEES that were used for the expenditure proposal accurately reflect the engineering estimates.
Information requirement:	<p>At initial RCP2 workshops it was acknowledged by Transpower that the models underlying tower painting estimates required development. In reply to Q42 Transpower stated:</p> <p>“Please note that the allocations in TEES for painting building blocks will differ from those used by engineering to develop the original cost estimates. This is due to the categorisation of indirect and direct overheads in TEES. “</p> <p>Please provide the following information:</p> <ul style="list-style-type: none"> • A comparison of the TEES estimates to cost estimates developed by engineering, • A document trail of how long this issue has been known about and what steps have already been taken to adjust the TEES model. • What future steps will be taken to improve the quality of the TEES building block estimates so that these more accurately meet the assumptions underlying the volumetric forecasting methodology? That is, how and how frequently will new engineering knowledge be systematically included into TEES
Certification required:	Consistent with internal standards for supplying information to the Commission

Commerce Commission additional information requirement for Transpower RCP2 Proposal	
Date requested by Commission:	19 March 2014
Due date:	28 March 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q057
Subject:	Other regulated income and cost allocation
Objective of information requirement:	<p>The purpose of this request is to identify sources of regulated income, other than electricity transmission income, that will arise as a result of expenditure already incurred by the end of RCP1 or from forecast RCP2 expenditure (i.e. as a result of spending the opex allowance or base capex allowance).</p> <p>The information will assist us in evaluating the RCP2 expenditure allowances and in developing a definition of <i>other regulatory income</i> for inclusion in the draft RCP2 IPP determination.</p> <p>Unless otherwise referred to in this request, income derived by the System Operator is outside of the scope of this request.</p> <p>To date we have identified the following examples of sources of <i>other regulatory income</i> (which we acknowledge is probably not a comprehensive list, but is provided for guidance on this request):</p> <ul style="list-style-type: none"> • Rental income • Income from fibre cables • Leasing income from cell repeater sites • Leasing of plant • Leasing of spare assets • Income arising from services or sale of intellectual property (e.g. maintenance standards or procedures manuals) • Income from providing training services to

	<p>external parties.</p> <p>As signalled in our <i>Issues Paper</i>, the expenditure proposal for the demand response platform (and the consequential future <i>other regulatory income</i> that would arise from that) is under separate evaluation and is outside the scope of this request.</p> <p>Recoveries from insurance policies and from Transpower's self-insurance arrangements are being separately analysed and are outside the scope of this request.</p>
Information requirement:	<ol style="list-style-type: none"> 1. Please provide a summary of income that Transpower forecasts to receive in RCP2 other than charges made for electricity lines services and other than System Operator income, where expenditure related to that income is forecast to be made before 30 June 2015 or is included in Transpower's proposed RCP2 opex allowance, RCP2 base capex allowance or forecast to be spent in respect of a major capex allowance during RCP2. The summary must include: <ul style="list-style-type: none"> • the types and forecast amounts of this other income; and • for each type of income, the amounts of matching expenditure (opex, base capex or major capex) by expenditure category, estimated if necessary with supporting explanations. 2. Please identify any circumstances where a cost allocation will be made prior to 30 June 2015 or is proposed in RCP2 between the supply of electricity transmission services and other non-regulated activities, and where the resulting income in RCP2 (or later periods) is proposed to be allocated between the supply of electricity transmission services and other non-regulated activities. For this purpose, please treat the System Operator activity as a non-regulated activity.
Certification required:	Consistent with internal standards for supplying information to the Commission

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	19 March 2014
Due date:	26 March 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q058
Subject:	Asset Management Model outputs as inputs to RT01 Base Capex - supplementary request
Document reference:	<p>Transpower response</p> <p>Q041B - Response to ComCom request for Additional Information - Asset Health Models - Q041B-01.doc</p> <p>RCP2 Financial Regulatory Templates – System Diagram & Data Flows diagram.</p> <p>MD03 Power Transformers</p> <p>Transpower’s response to Q038</p> <p>RT06 Integrated Transmission Plan</p>
Objective of information requirement:	To obtain the Asset Health Indicator Model outputs that result from the proposed expenditure forecasts
Information requirement:	<p>In the response to Q041 Transpower stated that:</p> <p><i>“assets identified for replacement during RCP2 by the Asset Management Models (AMM) were subjected to subsequent review and challenge as part of our challenge round processes. This resulted in instances where assets identified by the AMM were not included in our final Base Capex expenditure forecast”.</i></p> <p>Please provide updated Asset Management Models for all asset fleets that are aligned with and support the final Base Capex expenditure forecast.</p>
Certification required:	Consistent with internal Transpower requirements for supplying additional information to the Commission.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	20 March 2014
Due date:	31 March 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q059
Subject:	Kinleith Substation Development Strategy
Document reference:	Asset Management Plans -ACS Indoor switchgear page 7 -ACS Power transformers page 13 Data supplied in response to Q6: MD02 - Model - Outdoor Circuit Breakers
Objective of information requirement:	The purpose of this request is to ascertain whether Transpower have fully investigated options to optimise the system configuration and reduce the capital and maintenance costs at Kinleith substation.
Information requirement:	<p>In the expenditure proposal there are a significant number of projects across the Kinleith substation during RCP 2 that involve replacing a significant number of plant items at 11kV, 33 kV, and 110 kV. . The projects identified in the proposal are</p> <ul style="list-style-type: none"> • 11/33 kV indoor switchgear replacements \$14.4M • Replacement t1A,T2,T3A,T4 Power transformers \$16.7M • Replacement of five 110 kV circuit breakers \$630 K • 110 kV bus rationalisation, including replacement of seven 110 kV CBs. No cost provided but at least \$875K <p>As this is a relatively major rebuild of Kinleith</p>

	<p>substation and the total estimated expenditure for the projects is over \$32M, we would expect that Transpower would have fully investigated options to optimise the system configuration in order to minimise the capital and maintenance costs at Kinleith substation. Please provide</p> <ul style="list-style-type: none"> • A complete list of all works (greater than \$100 K) that are planned to be undertaken at Kinleith substation in RCP1 ,RCP2 and RCP3. • A copy of the site strategy for Kinleith substation • Documented evidence that Transpower has investigated options to optimise the system configuration and minimise the capital and maintenance costs at Kinleith substation.
<p>Certification required:</p>	<p>Consistent with internal Transpower requirements for supplying additional information to the Commission.</p>

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	20 March 2014
Due date:	28 March 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q060 - amended
Subject:	Grid Output Measures – amended (see highlighted text)
Document reference:	Transpower RCP2 proposal
Objective of information requirement:	To provide clarification of the how Transpower determined their proposed performance measures
Information requirement:	<p>1. GP1 – GP3 measures and targets</p> <p>The GP1 to GP3 targets seem to include the impact of AUFLS. This distorts the targets for GP 1 to GP 3 and makes them look soft. AUFLS also distort Transpower’s focus. For example, taking the 5 years without AUFLS, the average number of interruption at high priority POSs is 2.4, which is close to your GP1 long term target. However, based on the RCP2 target you proposed, you had indicated that your focus will be on high priority sites. To improve performance at high priority the correct focus should be to avoid AUFLS which are not caused by equipment failures at POSs. As discussed with G Ancell sometime ago, we propose to remove AUFLS and other outliers when setting targets for the GP1 – GP3 measures. Then the resultant targets will reflect how Transpower manages its assets at POSs.</p> <p>a. Please provide modified RT03 data with AUFLS incidents removed for us to re-calculate the revised targets.</p> <p>b. Please comment on the possibility of a</p>

	<p>linear approach to varying targets for RCP2, particularly for GP2 and GP3.</p> <p>c. Please confirm that the RCP2 targets for N security sites have considered the effect of recent initiatives to improve performance such as auto-reclose, asset renewal and divestment of problematic sights. Your graphs on historical performance show a trend towards improvement but it's not clear whether this is due to normal fluctuations an improving trend resulting from RCP1 initiatives.</p> <p>2. HVDC availability</p> <p>a. How can we define “efficient preventive maintenance outages” for the purpose of the IPP. Is there a way to determine the ‘minimum amount of planned outage duration’. In other words what is the justification for 1% on page 22. Can we call this ‘manufacturer’s recommended preventive maintenance outages’ that is available in the maintenance manual.</p> <p>b. Please provide the document TPG 10.09.</p> <p>c. Please outline your plans on developing AP1 measure for RCP3 and in particular to include any market focused measures.</p> <p>3. HVAC</p> <p>a. Please outline your plans on developing AP2 for RCP3 and in particular any market focused measure.</p> <p>4. Long term targets for GPs (BR04 s8.5)</p> <p>a. How adequately does the long term target reflect long term performance in the light of asset renewables, migration of 33 kV to indoors and the roll out of auto reclose? Has the proposed widespread roll out of SMS been factored into your long term targets for G2 and GP2 in particular or any other measures.</p> <p>b. Please advise the accuracy and relevance of historical data used to estimate the probability of failure of equipment (CB, transformer). Does the data include trippings and outages due to problems with SF6 CBs and a period of poor</p>
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	<p>performance of transformers (due to design issues) and the recent poor performance of single phase transformer banks?</p> <p>c. If (b) includes performance of those devices then what are the options for improving the long term targets. Should we consider the current ‘long term targets as 10 -15 year targets’ instead, And have an action to revise targets to match performance of new equipment for RCP3.</p> <p>d. Please outline your plans to develop the long term target further.</p> <p>5. We are required to assess the relationship between the measures, base capex and opex including the extent to which this can be quantified. We note that the most of the measures relate to non-core assets whereas the bulk of your opex and capex are for the core grid. Answers to our assessment may be spread around the document, as mentioned by you in our meeting. We will appreciate it if you could provide specific references. Alternatively, it would be useful if you could provide us a narrative outlining your thoughts.</p> <p>6. For the revenue linked boundaries, please explain how you calculated the caps and collars. As part of this, please provide any underlying analysis or model used to calculate the caps and collars, including any data on historic performance.</p> <p>7. Transpower have indicated that they have completed a reconciliation of the proposed targets and incentive rates against VoLL. Can you please provide this to the Commission. Can you also provide a reconciliation with the targets set and reported against in Transpower’s reporting to the EA under interconnection asset availability in Part 12, Subpart 6 of the Code.</p> <p>8. What would the P90 targets look like if the outage durations where not capped at 24 hours? What is the level of volatility is created if the duration is not capped?</p>
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	<p>9. We assume an interruption to service caused by any grid asset will be counted and not just those related to connection assets. Is this the case?</p>
<p>Certification required:</p>	<p>Consistent with internal Transpower requirements for supplying additional information to the Commission.</p>

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	21 March 2014
Due date:	28 March 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q061
Subject:	Cost Escalation Calculations
Document reference:	Cost Escalation Forecasts: NZIER report to Transpower (October 2013)
Objective of information requirement:	To determine methodology for escalation calculations in RT01
Information requirement:	<p>Please provide:</p> <ol style="list-style-type: none"> 1. Explanations as to what stage in the cost estimation process escalation rates are applied. 2. the schedule of weighting factors for each of indices identified in the report as applied to the expenditure items identified in 1.
Certification required:	Consistent with internal Transpower requirements for supplying additional information to the Commission.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	1 April 2014
Due date:	2 May 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q062
Subject:	Documenting baseline Quantities for RCP2
Objective of information requirement:	The objective of the request is to document the output in units of plant being worked on, not just the cost of doing the work.
Information requirement:	Please provide the forecast information that is specified in table G6(i) of "SCHEDULE G6: ASSET HEALTH AND AGE" which forms part of the Transpower information disclosure requirements. Forecasts are to be provided for each year of the 5 years of RCP2. The schedules can be found at http://comcom.govt.nz/dmsdocument/11523
Certification required:	Consistent with internal Transpower requirements for supplying additional information to the Commission.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	21 March 2014
Due date:	28 March 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q063
Subject:	IDC calculations and timing of capitalisation and commissioning of investigation projects
Document reference:	In response to Q045 Transpower stated: “In addition, the timing of the capitalisation of the investigation costs is incorrect and should be occurring at the end of the build projects in RCP2.”
Objective of information requirement:	To clarify the treatment of investigation project expenditure and IDC in RT01.
Information requirement:	<ol style="list-style-type: none"> 1. Please provide a copy of the accounting policy (or policies) relating to the treatment of the capitalisation of investigation project costs (including IDC) for GAAP purposes, with particular reference to: <ul style="list-style-type: none"> • the timing of capitalisation of investigation project costs; and • the timing of, and criteria for, recognition of capitalised costs as assets for GAAP purposes. 2. Please provide a copy of Transpower’s policy (or policies) relating to the timing of commissioning of investigation project costs (including IDC) for regulatory purposes. 3. Please identify any instances where projects in RT01 diverge from the capitalisation or commissioning policies provided in 1. and 2. above (other than those instances already addressed in Q045), and the reasons for any such differences.

	<p>4. If the capitalisation or commissioning policies provided do not also show the methodology for calculating the IDC rate, please separately provide that IDC calculation methodology.</p> <p>5. Please confirm that one standard IDC rate applies to all projects at any time in a disclosure year.</p>
<p>Certification required:</p>	<p>Consistent with internal Transpower requirements for supplying additional information to the Commission.</p>

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	31 March 2014
Due date:	7 April 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q064 (doc #1700725)
Subject:	Opex allowance: Insurance and self-insurance (this request is further to Q046)
Objective of information requirement:	We wish to supplement the information provided under the information request Q046 with additional information about Risk Reinsurance Ltd and the proposed self-insurance allowances.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	28 March 2014
Due date:	1 April 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q065
Subject:	BC3 approval document
Objective of information requirement:	<p>This is a follow on from Q050.</p> <p>We are considering how to best deal with the large reconductoring projects that have been excluded from the RCP2 proposal. As part of this we wish to understand what is required to get BC3 approval.</p>
Information requirement:	<p>Please provide:</p> <ul style="list-style-type: none"> • An example of BC3 approval document for a large project, preferably one that includes a completeness check such as quality assurance.
Certification required:	Consistent with Transpower standards for supplying information to the Commission.

**Commerce Commission additional information
requirement for Transpower RCP2 Proposal**

Tracking number:	Q066 and Q067
Subject	Question not sent to Transpower

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	14 April 2014
Due date:	24 April 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Will not be sent as questions in Strata Report
Subject:	Power Transformer Asset Health Model
Objective of information requirement:	We wish to confirm the calculation of remaining age in the asset health model and understand the details of the economic analysis undertaken when the asset life reductions were calculated or applied to particular transformers.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	3 April 2014
Due date:	11 April 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q068
Subject:	Proposed forgone IRIS benefit
Objective of information requirement:	<p>We wish to understand the nature of the RCP1 scope reductions which have led to Transpower proposing to forgo \$19 million of RCP2 benefits under the IRIS mechanism that arise from RCP1 expenditure changes.</p> <p>The aim of doing this is to assess if similar scope reductions are likely to occur in RCP2.</p>
Commission page reference to Transpower's RCP2 proposal:	MP01, section 4.4.5, p. 35
Information requirement:	<p>Please provide:</p> <ul style="list-style-type: none"> • Details of how the \$19 million reduction was calculated. This should include, for example, the amount of reduction owing to scope reduction in different transmission lines maintenance projects.
Certification required:	Consistent with internal Transpower standards for supplying information to the commission.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	8 April 2014
Due date:	11 April 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q069
Subject:	IST – other RPE index
Objective of information requirement:	We wish to understand how “IST – other” costs have been escalated so that we can set an appropriate allowance for this expenditure.
Commission page reference to Transpower’s RCP2 proposal:	RT04
Information requirement:	In RT04, the indices used are directly from the NZIER report, except for an IST – other index with international currency exposure. Can you please provide the source or derivation of this index and explain its inclusion in the RPE escalation calculations.
Certification required:	Consistent with internal Transpower standards for supplying information to the commission.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	17 April 2014
Due date:	30 April 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q070
Subject:	Real price effects
Objective of information requirement:	To understand the application of cost escalators in Transpower's proposal
Commission page reference to Transpower's RCP2 proposal:	CR02
Information requirement:	<ul style="list-style-type: none"> • Please provide an excel spreadsheet containing: <ul style="list-style-type: none"> ○ The estimated Real Price Effects contained in CR02; and ○ The historical and forecast labour and metals costs in levels (ie, the data used to create Figures 2 through to 11). • Please provide us the spreadsheet and any supporting documents of the forecasts used to calculate the metals Consensus forecasts for Aluminium, Copper and Steel. • Please provide the results of a calculation that shows the impact on the nominal allowance of replacing all USD Consensus forecasts with a Real Price Effect of: 0%, 1% and 2% per annum. • Please provide the results of a calculation that shows the impact on the nominal allowance of replacing the Real Price Effect for other metals with values of: 0%, 1% and 2% per annum. • Please provide any evidence you or your advisors have that assesses the forecast accuracy of using metals Consensus forecasts compared with alternative approaches
Certification required:	Consistent with internal Transpower standards for supplying information to the commission.

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	17 April 2014
Date information is required to be provided:	30 April 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q071 (doc #1722627)
Subject:	Opex allowance: insurance premiums and self-insurance allowance (captive insurer)
Document reference:	PD56
Objective of information requirement:	<p>This question follows on from the Transpower response to Q046, response point #3.</p> <p>Our original question was:</p> <p>“Please advise whether Risk Reinsurance Limited (RRL) is an ‘insurer’ and ‘captive insurer’ as defined in the Insurance (Prudential Supervision) Act 2010.”</p> <p>Transpower’s response to that question was:</p> <p>“Yes, RRL fits the definition of an Insurer and Captive Insurer as defined in the Insurance (Prudential Supervision) Act 2010.”</p> <p>We wish to understand whether RRL is licenced under that Act with the Reserve Bank, or merely fits within those relevant definitions.</p> <p>Our question is to further establish the degree of formality of the insurance arrangements between Transpower and RRL for the purpose of our ‘captive insurer’ evaluation.</p>

**Commerce Commission additional information
requirement for Transpower RCP2 Proposal**

Tracking number:	Q072
Subject	Question not sent to Transpower

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	22 April 2014
Due date:	30 2 May 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q073
Subject:	Kinleith Substation Development Strategy- Follow up on Transpower's response to Q059
Document reference:	<ul style="list-style-type: none"> • Transpower's response to Q059 • Asset Management Plans • ACS Indoor switchgear page 7 • ACS Power transformers page 13 • Data supplied in response to Q006: • MD02 - Model - Outdoor Circuit Breakers
Objective of information requirement:	<p>Transpower provided a response to Q059. The purpose of this request is to:</p> <ul style="list-style-type: none"> • clarify the original request, regarding Transpower supplying information on the site strategies and also the investigations to reduce the capital costs at Kinleith substation. • obtain further information related to customer requirements at Kinleith substation.
Information requirement:	<p>In its response to Q059, Transpower provided a number of documents including a BC1 plus, a development technical investigation report, and estimates for the equipment that is planned to be replaced.</p> <p>The second of the requests in Q059 was for Transpower to supply the site strategy for Kinleith. Transpower's response is that BC1 plus for Kinleith BC1 supersedes the Kinleith site strategy. The BC1 plus document appears to be more of a technical solution document</p>

	<p>and does not cover all the issues referred to in the technical report, and the technical report refers to the site strategy.</p> <ul style="list-style-type: none"> • Please provide a copy the site strategy as requested, preferably with the updated information from investigations undertaken and the BC1 plus. <p>The third request in Q059 requested documented evidence that Transpower has investigated options to optimise the system configuration and minimise the capital and maintenance costs at Kinleith substation.</p> <p>From the documents provided, there is no evidence that Transpower has actually investigated minimising the capital cost. The BC1 plus does not contain a comparison of the costs of different options nor does it include economic analysis of the options.</p> <ul style="list-style-type: none"> • Please provide documented evidence that Transpower has investigated options to minimise the capital costs at Kinleith substation <p>New questions following on from the information provided in Q059:</p> <ul style="list-style-type: none"> • As a large proportion of the assets are connection assets, has divestment of the assets to the customers been considered and discussed with the customers? • There are a number of references to correspondence with Powerco in the development technical investigation report. Do Powerco and their customer's support Transpower's proposal?
<p>Certification required:</p>	<p>Consistent with internal Transpower requirements for supplying additional information to the Commission.</p>

**Commerce Commission additional information
requirement for Transpower RCP2 Proposal**

Tracking number:	Q074
Subject	Question not sent to Transpower

Commerce Commission additional information requirement for Transpower RCP2 Proposal

Date requested by Commission:	23 April 2014
Date information is required to be provided:	02 May 2014
Commission contact person for responses to this information requirement:	[]
Commission contact person in respect of the content of this information requirement:	[]
Tracking number:	Q075 (doc #1726187)
Subject:	Opex allowance: insurance premiums and self-insurance allowance (captive insurer) – follow up question
Document reference:	PD56, Q071, Q046
Objective of information requirement:	<p>This question follows on from the Transpower response to Q046 and Q071.</p> <p><i>Explanatory note: as a policy consideration in evaluating Transpower’s expenditure proposal for RCP2, the Commission is using the Reserve Bank prudential requirements as a guideline for when to allow or reject insurance expenditure incurred through a captive insurance subsidiary. This approach was also previously adopted in making the price path resets for the EDB DPP in November 2012.</i></p> <p>Our objective is to obtain sufficient information from Transpower to allow us to conclude on how well, on an objective basis, Risk Reinsurance Limited (RRL) benchmarks against the Reserve Bank of New Zealand prudential requirements for New Zealand insurers under the Insurance (Prudential Supervision) Act 2010, notwithstanding that this Act does not apply to RRL.</p> <p>In its response to Q071, Transpower confirmed that Risk Reinsurance Limited is not licenced in New Zealand as an ‘insurer’ under Part 2 of the Insurance (Prudential Supervision) Act 2010.</p> <p>Transpower identified that the reason for being regarded as not carrying on insurance business in New Zealand is that it does not offer insurance cover to the</p>

	general public.
Information requirement:	<p>Please provide the following information:</p> <ol style="list-style-type: none"> 1. On the basis that Risk Reinsurance Limited (RRL) is not licenced as an 'insurer' under Part 2 of the Insurance (Prudential Supervision) Act 2010, please demonstrate that RRL would currently be capable of complying with all (or most) of the prudential requirements for a licenced 'insurer' under Part 2 of the Insurance (Prudential Supervision) Act 2010. 2. To the extent that the 'most' qualification applies in 1. above, please identify for us those matters for which RRL would not currently comply. <p>Transpower advised in response to Q071 that:</p> <p>Risk Reinsurance Limited is incorporated under the laws of the Cayman Islands, Monetary Authority Law (MAL). The Company is domiciled in the Cayman Islands. The Company is a wholly-owned subsidiary of Transpower New Zealand Limited (Transpower / the parent) and operates under the terms and conditions of an Unrestricted Class B Insurance License in the Cayman Islands number 2192.</p> <p>If the terms and conditions of the Cayman Islands Unrestricted Class B Insurance License include equivalent prudential requirements to those applied by the Reserve Bank of New Zealand, this information requirement Q075 may be satisfied by providing us with a copy of a published summary of the Monetary Authority Law (MAL) prudential requirements and RRL's most recent filing with the MAL that demonstrates compliance with those requirements.</p>
Certification required:	Consistent with internal Transpower requirements for supplying additional information to the Commission.