

NOTICE OF INTENTION

29 MAY 2019

Proposal to Consider Amending Input Methodologies for Transpower New Zealand Limited

1. The purpose of this notice of intention is to advise that the Commerce Commission (**Commission**) is beginning work to consider amendments to the *Transpower Capital Expenditure Input Methodology Determination 2012* [2012] NZCC 2 (**Capex IM determination**).¹
2. The amendments being considered to the Capex IM determination relate to the Commission's criteria for considering and specifying the "base capex allowance adjustment mechanism", including;
 - a. the Commission's evaluation and decisions in respect of "base capex";
 - b. the Commission's evaluation criteria set out in Schedule A of the Capex IM determination; and
 - c. any definitions associated with paragraphs 2(a) and 2(b) including, but not limited to, the definition of "base capex allowance adjustment mechanism".
3. In accordance with sections 52V(1) and 52X of the Commerce Act 1986, this notice outlines the process that will be followed in considering and consulting on the potential IM amendments, and the proposed timeframes for the potential amendments.

Process for potential IM amendments

4. We note that these potential IM amendments may impact our determination of Transpower's individual price-quality path for the next regulatory control period to apply from 1 April 2020 to 31 March 2025 (**RCP3**). We intend to consult on these potential IM amendments as a separate process to our decisions RCP3.

Table 1: Process for potential IM amendments

Process		Indicative time frame
1.	Commission consultation on potential IM amendments. Publication of draft IM reasons paper and draft IM amendments.	July 2019

¹ The Transpower Capex IM determination was most recently amended in May 2018 by the *Transpower Capital Expenditure Input Methodology Amendments Determination 2018* [2018] NZCC 8.

2.	Submissions due from interested persons on potential IM amendments (2 weeks).	August 2019
3.	Final decisions by the Commission Publication of final IM reasons paper and draft IM amendments.	August 2019

Updates and any process refinements will be published on the Commission's website.