

## **Transpower Individual Price-Quality Path Amendment Determination 2022 (No.1)**

[2022] NZCC 37

**The Commission:**                   Vhari McWha  
  Sue Begg  
  Dr Derek Johnston  
  Bryan Chapple

**Date of Decision:**               22 November 2022



Dated at Wellington this 22<sup>nd</sup> day of November 2022

COMMERCE COMMISSION  
Wellington, New Zealand

<b>Determination history</b>		
<b>Determination date</b>	<b>Decision number</b>	<b>Determination name</b>
14 November 2019	[2019] NZCC 19	Transpower Individual Price-Quality Path Determination 2020 ('principal determination')
7 October 2021	[2021] NZCC 19	Transpower Individual Price-Quality Path Amendment Determination 2021 (No. 1)
22 November 2022	[2022] NZCC 37	Transpower Individual Price-Quality Path Amendment Determination 2022 (No. 1)

[Drafting notes:

- This amendment determination amends the Transpower Individual Price-Quality Path Determination 2020 [2019] NZCC 19.
- The amendment is made under s 52Q of the Commerce Act 1986.]

## Transpower Individual Price-Quality Path Amendment Determination 2022 (No.1)

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

### 1. TITLE

1.1 This determination is the Transpower Individual Price-Quality Path Amendment Determination 2022 (No.1) [2022] NZCC 37.

### 2. DETERMINATION AMENDED

2.1 This determination amends the Transpower Individual Price-Quality Path Determination 2020 [2019] NZCC 19 (**principal determination**).

### 3. COMMENCEMENT

3.1 This determination comes into force on the date on which notice of the determination is given in the New Zealand Gazette in accordance with section 52Q(4) of the **Act**.

### 4. PRINCIPAL DETERMINATION AMENDMENTS

4.1 Transmission pricing methodology amendments:

4.1.1 In clause 29.1.6(b) of the **principal determination**, replace “\$276.0 million” with “\$280.5 million”.

4.1.2 In clause 33.2.2 of the **principal determination**, replace “\$285.9 million” with “\$290.4 million”.

4.1.3 In Schedule C4 of the **principal determination**, and in the line for Disclosure year ending 30 June 2022, in Column 5 replace “N/A” with “\$2.0 million”.

4.1.4 In Schedule C4 of the **principal determination**, and in the line for Disclosure year ending 30 June 2022, in Column 7 replace “\$277.3 million” with “\$279.3 million”.

4.2 Major capex projects amendments:

4.2.1 In Schedule A (Summary of forecast MAR and forecast SMAR) of the **principal determination**, at row Year 4 (31 March 2024), column 6 (Incremental update to forecast MAR determined in 2022), replace “\$X.X million” with “\$8.9 million”.

4.2.2 In Schedule A (Summary of forecast MAR and forecast SMAR) of the **principal determination**, at row Year 5 (31 March 2025), column 6

(Incremental update to forecast MAR determined in 2022), replace "\$X.X million" with "\$9.4 million".

- 4.2.3 In Schedule A (Summary of forecast MAR and forecast SMAR) of the **principal determination**, at row Year 4 (31 March 2024), column 8 (Total forecast MAR applicable to the pricing year (sum of amounts in columns 3 to 7)), replace "\$821.3 million" with "\$830.2 million".
- 4.2.4 In Schedule A (Summary of forecast MAR and forecast SMAR) of the **principal determination**, at row Year 5 (31 March 2025), column 8 (Total forecast MAR applicable to the pricing year (sum of amounts in columns 3 to 7)), replace "\$824.4 million" with "\$833.8 million".
- 4.2.5 In Schedule A (Summary of forecast MAR and forecast SMAR) of the **principal determination**, at row Year 4 (31 March 2024), column 9 (Forecast SMAR applicable to the pricing years in RCP3), replace "\$819.0 million" with "\$828.1 million".
- 4.2.6 In Schedule A (Summary of forecast MAR and forecast SMAR) of the **principal determination**, at row Year 5 (31 March 2025), column 9 (Forecast SMAR applicable to the pricing years in RCP3), replace "\$829.3 million" with "\$838.4 million".

## Explanatory note

1. This amendment determination makes changes to the **principal determination** to give effect to the Commerce Commission's decisions to amend Transpower's individual price-quality path relating to:
  - 1.1 the Electricity Authority's decision to incorporate a new Transmission Pricing Methodology into the Electricity Industry Participation Code 2010, dated 12 April 2022;<sup>1</sup> and
  - 1.2 the revenue impact of the following major capex projects being commissioned in the current regulatory control period:<sup>2</sup>
    - 1.2.1 the Clutha-Upper Waitaki-Lines Project, approved by the former Electricity Commission in August 2010;
    - 1.2.2 Waikato and Upper North Island Voltage Management, stage 1 approved by the Commission in September 2020;
    - 1.2.3 Bombay-Otahuhu Regional Major Capex Project, approved by the Commission in March 2021 with an amendment subsequently approved in September 2021;
2. Attachment A below demonstrates the above changes to Schedule A of the principal determination but does not form part of this amendment determination.

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<sup>1</sup> Commerce Commission *Reconsideration of Transpower's individual price-quality path determination in response to the Electricity Authority decisions on Transmission Pricing Methodology: Final decision* (22 November 2022), available at <https://comcom.govt.nz/regulated-industries/electricity-lines/electricity-transmission/transpowers-price-quality-path/setting-transpowers-price-quality-path-from-2020>.

<sup>2</sup> Commerce Commission *Reconsideration of Transpower's individual price-quality path determination for major capex projects: Final decision* (22 November 2022), available at <https://comcom.govt.nz/regulated-industries/electricity-lines/electricity-transmission/transpowers-price-quality-path/setting-transpowers-price-quality-path-from-2020>.



# Attachment A: Amendments to the IPP Schedule A due to the major capex projects reopener

## IPP Schedule A: Summary of forecast MAR and forecast SMAR

Forecast MAR applied to pricing years of RCP3 ending	Forecast MAR is calculated based on building block values for the disclosure year ending	Initial determined value of forecast MAR for pricing year	Incremental update to forecast MAR determined in 2020	Incremental update to forecast MAR determined in 2021	Incremental update to forecast MAR determined in 2022	Incremental update to forecast MAR determined in 2023	Total forecast MAR applicable to the pricing year (sum of amounts in columns 3 to 7)	Forecast SMAR applicable to the pricing years in RCP3
[Column 1]	[Column 2]	[Column 3]	[Column 4]	[Column 5]	[Column 6]	[Column 7]	[Column 8]	[Column 9]
31 March 2021 (Year 1)	30 June 2021	\$810.6 million	N/A	N/A	N/A	N/A	\$810.6 million	\$788.7 million
31 March 2022 (Year 2)	30 June 2022	\$795.6 million	\$X.X million	N/A	N/A	N/A	\$795.6 million	\$798.8 million
31 March 2023 (Year 3)	30 June 2023	\$790.9 million	\$X.X million	\$X.X million	N/A	N/A	\$790.9 million	\$809.0 million
31 March 2024 (Year 4)	30 June 2024	\$821.3 million	\$X.X million	\$X.X million	<del>\$X.X million</del>	N/A	<del>\$821.3 million</del>	<del>\$819.0 million</del>
31 March 2025 (Year 5)	30 June 2025	\$824.4 million	\$X.X million	\$X.X million	<del>\$X.X million</del>	N/A	<del>\$824.4 million</del>	<del>\$829.3 million</del>
					\$8.9 million		\$830.2 million	\$828.1 million
					\$9.4 million		\$833.8 million	\$838.4 million

Note: this Attachment does not form part of the amendment determination.

