



TRANSPOWER

Transpower House, 96 The Terrace,
PO Box 1021, Wellington,
New Zealand
Telephone +64-4-495 7000
Facsimile: +64-4-495 7100
www.transpower.co.nz

Richard Fletcher
richard.fletcher@transpower.co.nz

22 December 2009

Alex Sim
Chief Adviser
Commerce Commission
PO Box 2351
WELLINGTON

Dear Alex

Re: Revised Transpower Process Paper.

Transpower New Zealand Limited (Transpower) welcomes the opportunity to make a submission in response to the above paper. Our submission responds to the specific questions raised by the Commission.

Do you agree with the scope and level of information that the Commission intends to include in its recommendation to the Minister?

Transpower agrees with the Commission's proposals as set in Section 3.4 of the "process paper" including the proposal that the recommendation to the Minister should include a brief description of the input methodologies that are likely to be applicable to Transpower (subject to consultation). However, it is not clear at this stage, precisely which input methodologies the Commission intends will apply to Transpower.

Transpower considers that, to provide certainty under an individual price path, input methodologies should be determined for each of the key revenue building blocks. This should include methodologies for the ex ante (and ex post) assessment and approval of capital and operating expenditure allowances.

Do you agree that the Commission's recommendation to the Minister on default / customised or individual price quality regulation applying to Transpower is not dependent on the Commission finalising the Transpower input methodology determinations?

Yes, subject to the comments made above concerning clarity on the input methodologies which will be applicable to Transpower.

Do you agree that the Commission's revised process for making the recommendation to the Minister is more appropriate than that previously proposed given the uncertainty around the treatment of Transpower capital expenditure and the revised timetable for the determination of input methodologies? If not, what changes do you consider should be made, and why?

Transpower agrees that the Commission's revised process for making the recommendation to the Minister is more appropriate than that previously proposed as it allows more time for the Commission to develop and consult on the detail of the input methodologies which will apply specifically to Transpower.

Yours sincerely



Richard Fletcher
Regulatory Strategy Manager