COMMERCE COMMISSION NEW ZEALAND
Te Komihana Tauhokohoko

WELLINGTON
Level 9, 44 The Terrace
PO Box 2351, Wellington 6140
New Zealand
Tel: +64 4 924 3600

AUCKLAND
Level 12, 55 Shortland Street
PO Box 105-222, Auckland 1143
New Zealand
Tel: +64 4 924 3600

www.comcom.govt.nz

3 November 2026

James Kilty
22 Boulcott Street
PO Box 1021
Wellington 6140

Dear James

Transpower Individual Price-Quality Path Reopener Application Notification of Decision

Thank you for providing the information required to implement the following reopener applications:

- **Delivery-risk-adjustment reopener** under clauses 3.7.2 and 3.7.9B of the Transpower Input Methodologies Determination [2012] NZCC 17 (TP IMs)
- A**nnual approved capital expenditure reconsideration** under clause 3.7.12 of the Transpower IMs and clause 33.4 of the Transpower Individual Price-Quality Path Determination 2025 [2024] NZCC 26 (IPP).

We have reviewed the material supplied for the delivery-risk-adjustment reopener as well as the annual approved capital expenditure reconsideration for the Western Bay of Plenty major capex project, Redclyffe major capex project, Ōtāhuhu – Whakamaru A and B line reconductoring listed project, and the HVDC Link Upgrade major capex project.

After considering the information provided by Transpower, we are satisfied the application meets the necessary criteria and have decided to amend the IPP from the pricing year beginning 1 April 2027 to provide for the revenue impact of these approved projects and the delivery-risk-adjustment mechanism. We have published an IPP amendment determination giving effect to our decision alongside this letter.

This results in an increase of the forecast incremental smoothed maximum allowable revenue by a total of $36.7 million (Nominal) across the remaining years of RCP4. The below table shows the individual impact of the approved major capex projects, listed project and delivery-risk-adjustment in million dollars.7m

Adjustment	Revenue Model Sheet		31 March 2028	31 March 2029	31 March 2030
Appendix 1: Delivery Risk Adjustment Mechanism 2026	i26a	MAR	18.5	2.2	2.5
		SMAR	7.7	8.1	8.5
Appendix 2: Western Bay of Plenty major capex project	i26b	MAR	-	0.0	0.1
		SMAR	0.0	0.0	0.0
Appendix 3: Redclyffe major capex project	i26c	MAR	2.5	2.9	3.1
		SMAR	2.7	2.8	3.0
Appendix 4: Ōtāhuhu – Whakamaru A and B line reconductoring Listed project	i26d	MAR	-	-	2.2
		SMAR	0.7	0.7	0.7
Appendix 5: HVDC Link Upgrade Stage 1 major capex project	i26e	MAR	-	-	1.9
		SMAR	0.6	0.6	0.6
2026 Incremental update to forecast		**MAR**	**21.0**	**5.2**	**9.7**
		SMAR	**11.7**	**12.2**	**12.8**

Revenue adjustment for approved capital investments

We determine Transpower's revenue allowances for a five-year period on a forecast, ex-ante basis. However, we do not include the revenue impact of unapproved large capital investments (MCPs and listed projects) when setting revenue allowances. This is because those investments are subject to additional scrutiny by us, and the timing and cost is unknown when we set Transpower's revenue allowances.

We have approved three MCPs and one listed project since we set the IPP for the fourth revenue control period from 2025-2030 (RCP4). Once we have approved a large capital investment, the Transpower IMs require us to reconsider and, if appropriate, amend the IPP to account for the revenue impact of the approved investments. The IPP sets out the process we must follow when reconsidering and amending the price path.

Transpower has notified us that it intends to commission, or partly commission, the following approved large capital investments:

- Western Bay of Plenty MCP,

- Redclyffe MCP,
- Ōtāhuhu – Whakamaru A and B line reconductoring listed project, and
- HVDC Link Upgrade MCP.

Our decision to amend the IPP to include the revenue impact of these approved projects allows Transpower to start recovering the value of its investment through transmission charges in RCP4.

Western Bay of Plenty MCP

We approved the Western Bay of Plenty MCP on 11 June 2025. The purpose of this project is to address forecast demand growth in the region through a range of transmission investments such as an interconnecting transformer and to reconductor existing lines. Transpower plans to commission all assets by 31 December 2032.

Redclyffe MCP

We approved the Redclyffe MCP on 28 April 2026. The purpose of this project is to enhance the resilience of the power supply for the Hawke's Bay region following disruptions caused by Cyclone Gabrielle in 2023. Transpower plans to commission all assets by 31 December 2027.

Ōtāhuhu – Whakamaru A and B line reconductoring listed project

We approved the Ōtāhuhu – Whakamaru listed project on 2 July 2026. The purpose of this project is to replace existing conductors and transmission lines which are corroding and approaching the end of their serviceable life. Transpower plans to commission all assets by 31 December 2028.

HVDC link upgrade MCP

We approved the HVDC link upgrade MCP on 18 June 2026. The purpose of this project is to replace existing HVDC transmission assets, enhance HVDC capability and to introduce Pole 2 short-term overload capability.
This is stage 1 of a two-stage proposal. Transpower plans to commission all stage 1 assets by 31 December 2031.

Delivery-risk-adjustment mechanism

The delivery-risk-adjustment reopener was introduced to address concerns we had about Transpower's ability to recruit the necessary staff to deliver its proposed work programme. This reopener allows Transpower to apply for the expenditure that we previously reduced, where it can demonstrate it has increased its full-time equivalent (FTE) staff recruitment above the minimum threshold we set in the IPP.

In approving the adjustment, we are satisfied that Transpower's application has met the requirements in the IPP and Transpower IMs. Transpower has provided reasonable evidence

showing its eligibility for an increase to its expenditure allowances. It has provided a summary of the number of FTEs by business division for both employee and contractor FTEs demonstrating it has been able to exceed its target FTEs.

Yours sincerely,

[redacted]

for Matt Clark
Manager, Transpower, Gas and Airports