

20 November 2023

[REDACTED]
Transpower New Zealand Ltd

By e-mail only: [REDACTED]

Tēnā koe [REDACTED],

Exemptions under the Transpower Information Disclosure Determination 2014 with respect to disclosure year 2023

1. This letter responds to your email dated 9 August 2023 that requested the Commerce Commission (**Commission**) grant Transpower New Zealand Limited (**Transpower**) the following four separate exemptions from certain requirements to disclose information under Transpower Information Disclosure Determination 2014 (the **ID Determination**) with respect to disclosure year 2023.¹ The four requested exemptions sought were:
 - 1.1 an exemption to the requirement in clauses 13.1, 13.2 and 13.3 that Transpower disclose Schedules G6, G7, and G8 in, or as a companion to, the Integrated Transmission Plan (**ITP**); Transpower proposed instead to disclose these Schedules alongside Transpower's other information disclosure (**ID**) reporting (**Clause 13 request**);
 - 1.2 an exemption to the requirement under clause 13.1 to report "remaining asset life" in Schedule G6(i); Transpower proposed instead to report "Asset Health Index" information (**Schedule G6 request**);
 - 1.3 an exemption to the requirement under clause 9 to report "CY+1" information within schedule F6 of the ID Determination; Transpower has proposed an alternative Schedule be publicly disclosed (**Schedule F6 request**); and
 - 1.4 an exemption to extend the deadline to complete and publicly disclose the information required under clauses 8, 10, 11 and 14 of the ID Determination from 20 October 2023 to 28 November 2023.
2. This letter is our response to the requests for the exemptions in paragraphs 1.1, 1.2 and 1.3. In response to the request at paragraph 1.4, we note Transpower was

¹ Disclosure year means the 12 month period ending on 30 June of the year the disclosure relates to.

granted the requested exemption on 9 October 2023 and the new deadline is 28 November 2023.²

Background

3. Transpower is subject to ID regulation under section 53A of the Commerce Act 1986 (the **Act**) and must apply the requirements set out in the Transpower Capital Expenditure Input Methodology Determination 2012 as amended (the **Capex IM**) when complying with the ID Determination.
4. Most information Transpower is required to publicly disclose under the ID Determination must be disclosed either in, or as a companion to, Transpower's other regulatory reporting— the Annual Regulatory Report (**ARR**)³ and the ITP.⁴
5. The ID reporting required to be disclosed in, or as a companion to, the ARR includes the information required by clauses 8, 10, 11 and 14 of the ID Determination. This reporting must be published by the Friday of the third complete week of the month of October following the end of each disclosure year (ending 30 June). For disclosure year 2023, as a result of the exemption noted at paragraph 2, this information must be disclosed by Tuesday 28 November 2023
6. Clause 13 of the ID Determination requires Schedules G6 – G8 to be publicly disclosed with each ITP submitted under clause 2.1.1(1) of the Capex IM.⁵ For disclosure year 2023, this information must be disclosed by 1 December 2023 (ie, the first working day of December).
7. Transpower must disclose some information separately from the ARR and the ITP due to the timing of certain information being available. In relation to revenue, Schedule F6 must be publicly disclosed by the last working day of December after the end of each disclosure year.⁶ For disclosure year 2023, Schedule F6 must be disclosed by 29 December 2023.

² Commerce Commission, *Exemption from certain information disclosure requirements under the Transpower Information Disclosure Determination 2014*, dated 9 October 2023. This exemption notice can be found on our website: https://comcom.govt.nz/_data/assets/pdf_file/0021/332751/Transpower-ID-Exemption-Extension-to-the-deadline-for-certain-ID-disclosures-9-October-2023.pdf

³ As set out under clause 6 of the ID Determination, the ARR means the document containing Transpower's annual compliance monitoring statement and associated information in fulfilment of its reporting requirements under the IPP determination.

⁴ As specified in the Capex IM determination, the ITP is the report in which Transpower provides its long-term plans and objectives for operating the grid. The nature of this information therefore matches with several information disclosure requirements.

⁵ Clause 2.1.1 of the Capex IM requires Transpower to submit (and publish) an ITP in accordance with Part 7 of the Capex IMs to the Commission no later than the first working day in the December that is sixteen months before the start of a regulatory period. Transpower's next regulatory period begins on 1 July 2025.

⁶ Clause 9, ID Determination

8. The new Transmission Pricing Methodology (TPM) came into effect on 1 April 2023,⁷ and sets out how Transpower will recover its maximum allowable revenue from its transmission customers.

Legal framework

9. Clause 22 of the ID Determination allows the Commission to, by written notice to Transpower, grant an exemption from any requirement of the ID Determination, for a period and on such terms and conditions as the Commission specifies in the notice. Furthermore, clause 22.2 gives the Commission the power to amend or revoke any such exemption.

Exemption requests

10. Transpower requested four separate exemptions with respect to disclosure year 2023 (as noted in paragraph 1). It also provided other information to support its request in e-mail correspondence with Commission staff.⁸ Details relating to the Clause 13 request, Schedule G6 request, and Schedule F6 request are set out below.

Clause 13 request

11. Largely consistent with a previous exemption,⁹ Transpower requested an exemption from the requirement under clauses 13.1 – 13.3 of the ID Determination to publicly disclose Schedules G6 – G8 within or as a companion to an ITP. Transpower considers such an exemption would enable a more streamlined internal governance process as it instead proposes to disclose this information alongside other ID reporting (ie, information required by clauses 8, 10, 11, and 14).
12. Transpower considers there would be no adverse impact of the proposed non-compliance on consumers and other parties potentially affected by the requested exemption (if granted), as:
- 12.1 information in Schedules G6 – G8 would be published before the due date in December required by the ID Determination;¹⁰ and

⁷ We note that the TPM came into effect partway through Transpower's disclosure year 2023, which is the 12 months ending 30 June 2023.

⁸ Email correspondence from Transpower to the Commission, dated 31 January, 9 August, 11 September and 27 October 2023.

⁹ Commerce Commission, *Transpower New Zealand Ltd - Exemption from requirements of clause 13 of the Transpower Information Disclosure Determination*, dated 21 September 2016. This exemption notice can be found here on our website: https://comcom.govt.nz/_data/assets/pdf_file/0024/59541/Transpower-granted-exemption-response-21-September-2016.PDF

¹⁰ As noted in paragraph 2, the new deadline is 28 November 2023.

- 12.2 the information would be published in the same location as previous disclosures required by clauses 13.1 to 13.3 of the ID Determination.¹¹

Schedule G6 request

13. Consistent with a previous exemption,¹² Transpower requested an exemption from the requirement under clause 13.1 to report “remaining expected life” in Schedule G6(i): Asset health, under columns S to X of the current Schedule template. Transpower has indicated it will publish "Asset Health Index" information instead.
14. Transpower noted:
- 14.1 substituting an “Asset Health Index” in place of the “remaining expected life” categories is consistent with its current asset health modelling and prior disclosures; and
- 14.2 it no longer uses remaining expected life as a measure of asset health.
15. Transpower also considered an “Asset Health Index” metric a better indicator of the overall condition of its assets and the grid, and that there will be no adverse impact of the proposed non-compliance on consumers and other parties potentially affected by the exempted disclosure.

Schedule F6 request

16. Transpower requested an exemption from the requirement in clause 9 to report “CY+1” information for customer charges (ie, columns O to S under F6(iii)) using the existing ID template for Schedule F6, on the basis that this revenue-related reporting should align with the new TPM. Transpower instead propose to disclose this information within its own version of Schedule F6(iii), which is consistent with the new TPM (including the types of transmission charges).¹³
17. In follow-up correspondence with Commission staff, Transpower staff also noted:
- 17.1 as the TPM represents a significant change in approach to transmission pricing, it would not be possible or appropriate to reflect shadow prices

¹¹ The exemption noted at footnote 10 permitted Transpower to disclose the information required by clauses 13.1 to 13.3 of the ID Determination in the same location as its disclosures required by clauses 8, 10, 11, and 14.

¹² Commerce Commission, *Transpower New Zealand Ltd - exemption in relation to clause 13.1 of the Transpower ID Disclosure - Schedule G6 - Asset health and age*, dated 8 August 2018. This exemption notice can be found here on our website: https://comcom.govt.nz/data/assets/pdf_file/0017/91106/Transpower-Exemption-request-response-8-August-2018.pdf

¹³ Transpower also considers that other aspects of the existing Schedule F6 will no longer be fit for purpose from disclosure year 2024 due to misalignment with the TPM, and that it will either need to seek a further exemption or the schedule will have to be amended appropriately.

under the old pricing methodology. Furthermore, Transpower does not have systems currently in place to report under the ID categories; and

- 17.2 they consider there will be no adverse impact of the proposed exemption on consumers and other parties.

Exemptions decisions

18. By this notice, using the exemption powers under clause 22.1 of the ID Determination, the Commission grants Transpower the following exemptions (with conditions), as set out in the corresponding sections below. These exemptions are granted in respect to the specific disclosures required for disclosure year 2023.
19. We have considered the impact of the exemptions on the purpose of information disclosure under section 53A of the Act and have concluded that the purpose will still be met in granting the exemptions.
20. We also see no adverse impact of the exemptions on consumers or other parties.

Clause 13 request

21. The Commission exempts Transpower from the requirement in clauses 13.1, 13.2 and 13.3 that Transpower disclose Schedules G6, G7, and G8 respectively in, or as a companion to, the ITP on the condition that Transpower instead disclose these Schedules alongside Transpower's other information disclosure reporting by 28 November 2023.
22. We are granting this exemption because:
- 22.1 Transpower will still publicly disclose the information;
- 22.2 the information will be disclosed prior to the deadline required by the ID Determination;
- 22.3 the information reported within Schedules G6-G8 is considered correlated to the type of information that is due for disclosure by 28 November; and
- 22.4 there is not likely to be a detrimental impact on interested persons.

Schedule G6 request

23. The Commission exempts Transpower from the requirement under clause 13.1 to report "remaining asset life" in Schedule G6(i) on the condition that Transpower instead report "Asset Health Index" information at an aggregate level for each asset category in Schedule G6(i).
24. We are granting this exemption because:

- 24.1 the alternative information Transpower is required to publicly disclose is consistent with Transpower's current approach to asset health modelling and is sufficient for the purpose of ID to continue to be met with respect to asset reporting; and
- 24.2 the cost of Transpower reconstructing remaining expected life as a measure of asset health solely to comply with the Schedule G6 ID requirements is likely to be disproportionate to any benefit to interested persons in their assessment of the purpose of Part 4 of the Act, given alternative asset health information will be disclosed.

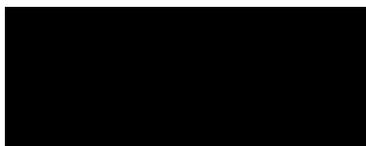
Schedule F6 request

- 25. The Commission exempts Transpower from the requirement under clause 9 to report "Current Year +1 (CY+1) Charges" information in Columns O to S within the "Customer Charges" section of Schedule F6 (ie, F6(iii)) on the following conditions:
 - 25.1 Transpower instead publicly discloses an equivalent Schedule containing the following "Customer Charges" information for each line item, consistent with the current TPM (including the types of transmission charges):
 - 25.1.1 Connection charges;
 - 25.1.2 Benefits-based charges;
 - 25.1.3 Residual charges;
 - 25.1.4 Transitional cap (charges);
 - 25.1.5 Investment contract charges; and
 - 25.2 this alternative information is published alongside Schedule F6 by the original deadline (29 December 2023).
- 26. We are granting this exemption because the alternative information Transpower will disclose in place of "CY+1" information in Schedule F6(iii) will provide more transparency regarding how Transpower allocates transmission charges. This will support an interested person's assessment of the purpose of Part 4 of the Act as more transparent pricing information will lead to a more informed assessment of whether Transpower is efficiently using and investing in its transmission and generation assets.

Further information

27. These exemptions may be revoked or amended by the Commission at any time in accordance with clause 22.2 of the ID Determination.
28. A copy of this exemption response letter will be published on the Commission's website.
29. If you have any questions regarding this matter, please contact Katarina Dankova at Infrastructure Regulation at infrastructure.regulation@comcom.govt.nz.

Nāku iti noa,



Vhari McWha
Commissioner