17 December 2013

The Chief Advisor
Regulation Branch
Commerce Commission
Wellington

Attention: John McLaren

Re: Initial observations on forecasts disclosed by 29 electricity distributors in March 2013

Thank you for the opportunity to respond to the paper dated 29 November 2013. While we do not have any significant contribution to make regarding the development and refinement of top down models, we do note that in the comparison of forecast operating expenditure the model appears to yield results that compare well with the Northpower figures.

With regard to the data analysis contained in the paper we would like to draw your attention to the following:

In attachment A: Preliminary analysis of capital expenditure, paragraph 160 states that much of the forecast increase in expenditure on asset replacement and renewal is going on distribution and low voltage lines, subtransmission assets and zone substations. This does not appear to be the case when examining figure 10 on page 39.

We also noticed the following discrepancy in Figure 10 when comparing with the Northpower spreadsheet data:

Breakdown of forecast expenditure on replacement and renewal by asset category (annual average % for 2013-18)

Assets	Figure 10	Spreadsheet data
Subtransmission	4	9
Zone substations	8	15
Distribution and LV lines	11	59
Distribution and LV cables	15	3
Distribution substations and transformers	3	8
Distribution switchgear	58	5
Other network assets	1	1

Similarly, the statement made in paragraph 172 on page 46 does not appear to correlate with the data shown in figure 11 on page 47 and there also appears to be a discrepancy when comparing with the Northpower spreadsheet data:

Breakdown of forecast expenditure on system growth by asset category (annual average % for 2014-18)

Assets	Figure 10	Spreadsheet data
Subtransmission		7
Zone substations	7	59
Distribution and LV lines	7	27
Distribution and LV cables	59	
Distribution substations and transformers		7
Distribution switchgear	27	
Other network assets		

It is also noted that the time periods covered in figures 10 and 11 are different i.e. 2013-2018 vs. 2014-2018 and it is not clear whether this is intentional or an error.

Brian Baier
Network Planning Engineer