



**TRANSPOWER**

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7 February 2014

Melanie Porter  
Manager, Competition and Consumer Policy  
Ministry of Business, Innovation and Employment  
PO Box 1473 Wellington

By email: [melanie.porter@mbie.govt.nz](mailto:melanie.porter@mbie.govt.nz)

Dear Melanie

## **Part 4 Levy Arrangements**

Thank you for the opportunity to comment on consequential changes to levy arrangements for funding the Commerce Commission in relation to Part 4 matters.

Our interest in this matter lies as a regulated supplier and levy payer under the levy regulations. We respond to the Ministry's specific questions below.

### **Should the levy regulations be amended to make multi-year appropriations permissible?**

We have no in principle objection to the proposal to allow for multi-year appropriations under the levy regulations. We understand from the paper that the multi-year appropriations would not at this time be supported with multi-year setting and wash-ups of levies as well (because that is a matter for the Commerce Act) so expect that the current annual setting and wash-up will continue.

### **Should the Commission be able to spend more than the 'estimated Commission Costs' in a financial year?**

In our submission we identified that fluctuations in levy costs would be a relatively small component of most levy payers operating costs and agreed that the Commission should have some budgetary flexibility to respond to peaks<sup>1</sup>. This provides it with the flexibility to respond to unforeseen spikes in its workload. Where the Commission exceeds its budget it should be required publish an explanation of the variances from forecast and the reasons for these.

In practice the quantum involved is unlikely to be material in the context of levy payers revenues however it is important for the Commission, as a monopoly supplier, to 'walk the talk' in terms of transparency, discipline and accountability.

### **Should the costs of the seven-year input methodology review be calculated on a sectoral basis?**

We consider an allocation that is broadly cost reflective is desirable provided the administrative cost of performing this allocation is not excessive. In this instance calculating costs on a sectoral basis seems more likely to arrive at such an outcome than a 'pooled' approach where all costs are treated as common. While some costs would be common between sectors it seems likely that many of the costs could easily be tagged to the responsible sector and then divided between the relevant parties.

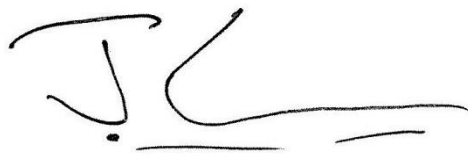
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<sup>1</sup> Transpower submission to the CC Part 4 baseline Funding Review, question 8.

We see no reason why, at an operational level, this should prevent or limit adoption, where appropriate, of a cross sectoral approach to the IM reviews.

If you wish to clarify or discuss any of the points raised in this submission you contact me on 04 590 7544.

Yours sincerely

A handwritten signature in black ink, consisting of a stylized 'J' followed by a long horizontal stroke with a small upward flick at the end.

Jeremy Cain  
**Chief Regulatory Advisor**