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Operating leases draft decision and IMs determinations

Transpower appreciates the opportunity to respond to the draft decision and determination for the treatment of Operating Leases under changes to accounting standard NZ IFRS16. This submission responds to the draft decision (submission due 18 September), and is an early response to the draft determination (submission due 2 October.)

Draft decision submission

Consistent with our July [submission](#) to the earlier [issues paper](#), we agree with the draft decision to:

- Align with NZ IFRS 16 for Price-Quality and Information Disclosure regulation purposes to calculate allowable revenue and returns on investment using capitalised 'right-of-use' asset values (excluding charges specified as pass-through or recoverable costs); and
- Continue to treat operating leases as operating expenditure for IRIS purposes.¹

Transpower draft Input methodologies submission

We agree with the draft amendments to the Capex IM.

For the Transpower IM, our feedback is via explanatory comment boxes in the draft amendment determination which is attached.

Please contact Micky Cave (micky.cave@transpower.co.nz) if you have any questions about these submissions.

Yours sincerely

Gordon Davidson
Chief Financial Officer

¹ refer section 4.4.1 and 4.4.2 draft [decision paper](#)