

ACCC Pre-Determination Conference

Supplementary Draft Revenue Cap Decision for TransGrid

**Presentation by TransGrid's
Manager/Regulatory Affairs – Philip Gall**

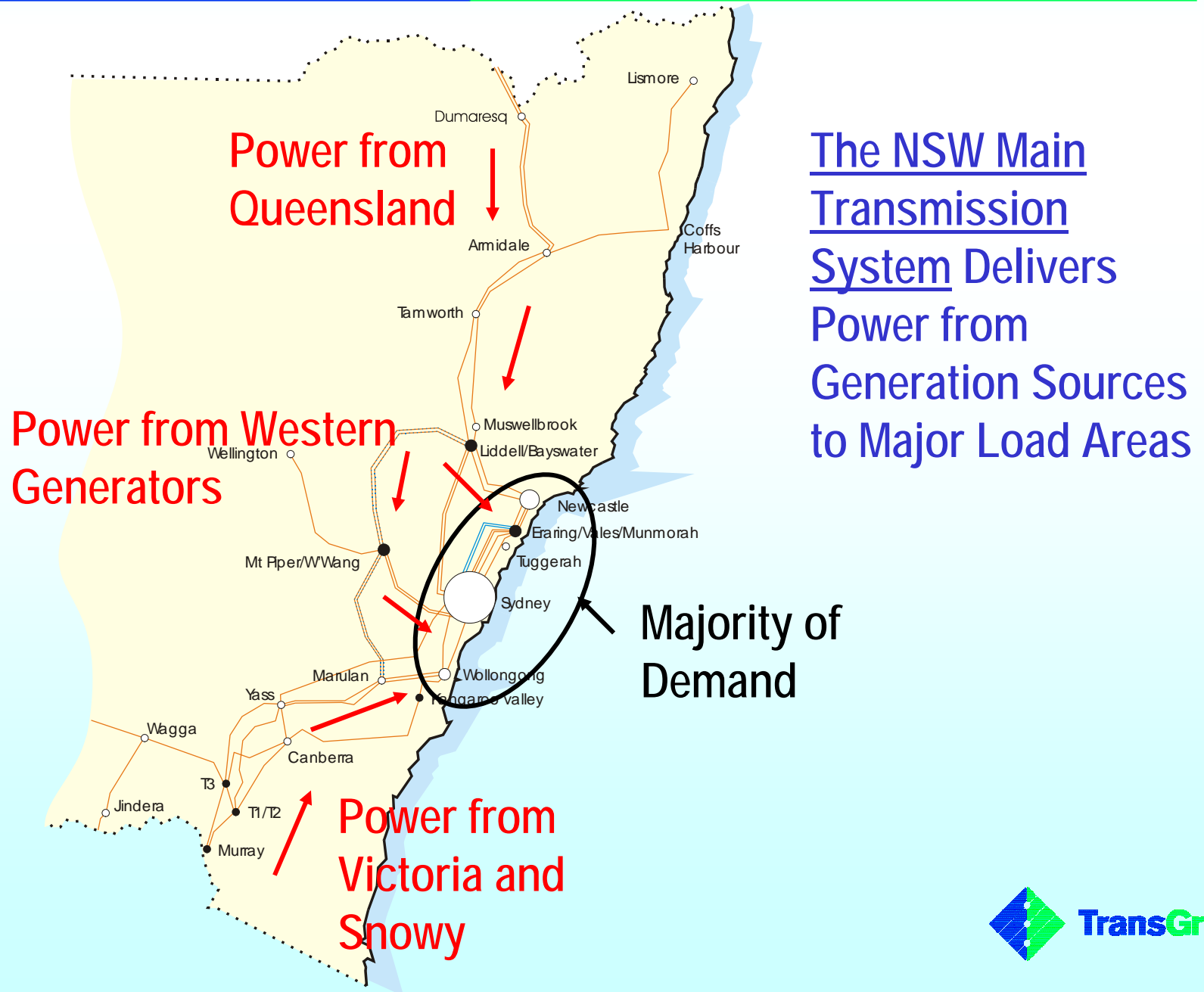
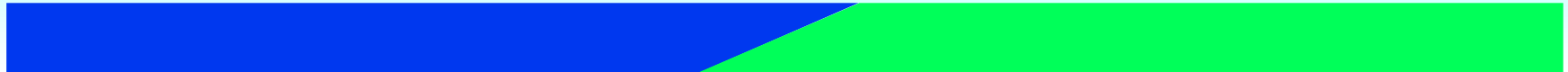


Presentation Outline

- Other matters to be covered in TransGrid's written response
- Summary of matters raised by interested parties
- TransGrid's proposals for addressing concerns

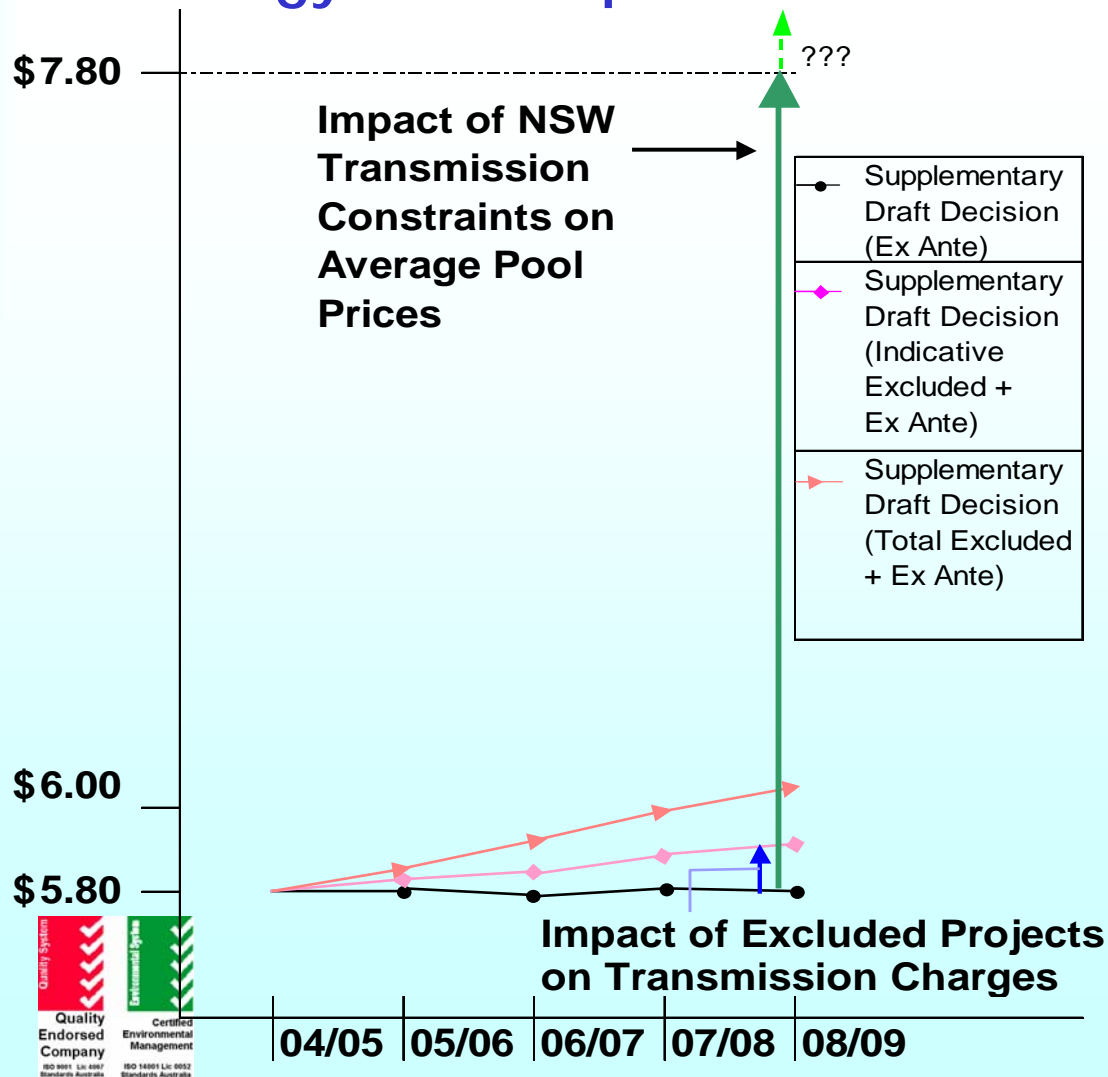
Other Matters for Formal Response

- Treatment of economic depreciation
- The role of depreciation in the incentive mechanism
- Proposed adjustments to the regulatory asset base to account for 'unregulated' services
- Correction of statements about TransGrid's future head office accommodation strategies



Is the ACCC Meeting Customer Needs?

Energy Price Impacts?



Reliability Risk?

- Occurs as transmission capability is used up
- Main system reliability OK for now – but work needed in the next few years
- Demand exceeding forecast in some areas e.g. North Coast

To Address Concerns Raised Need to:

- Reinststate TransGrid's 6.8 % cost calibration factor
- Bring around \$ 200 million of excluded project expenditure into the ex-ante spending provisions
- Support Code change proposals that enable the proposed 'within period' revenue cap adjustments
- Clarify and improve the pre-defined 'triggers' for seeking approval of excluded project expenditure
- Provide incentives, or more 'pass throughs', for:
 - DSM,
 - generator support options, or
 - new customer connections

