



meridian

19 February 2010

Alex Sim
Regulation Branch
Commerce Commission
P.O. Box 2351
Wellington

Dear Alex

Type of regulation to apply to Transpower

Thank you for the opportunity to provide feedback on the type of regulation that will be applied to Transpower.

Meridian agrees with your recommendation to apply individual price-quality regulation.

We agree that the level of upgrade work that Transpower is carrying out at the moment and over the next 4 years makes it difficult to apply the default price-quality regulation. We also see the advantages of being able to carry out an ex-post review of their capital expenditure, which has been outline as part of the individual price-quality regulation.

I'm not clear how this form of regulation will drive efficient improvements. However Meridian notes that it is important to create incentives to drive efficiency improvement and create behaviour that better reflects that of an organisation in a competitive environment.

We look forward to consultation on the details of the regulation as we have been concerned at some of the outcomes of the current price-quality regulation and hope to see some modification to the previous settlement agreement.

Regards

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