



# MAJOR ELECTRICITY USERS' GROUP

31 July 2009

Alex Sim  
Network Performance Branch  
Commerce Commission  
By email to [NPB@comcom.govt.nz](mailto:NPB@comcom.govt.nz)

Dear Alex

## **Submission on Transpower Process and Recommendation Discussion Paper**

1. This is a submission by the Major Electricity Users' Group (MEUG) on the Commerce Commission, "Transpower Process and Recommendation Discussion Paper," published 19<sup>th</sup> June 2009<sup>1</sup>.
2. MEUG agrees with the preliminary view of the Commission to recommend to the Minister that Transpower be subject to Individual Price-Quality Regulation<sup>2</sup> rather than Default or Customised Price-Quality Regulation. This is consistent with previous submissions by Transpower to the Commission indicating a preference for be-spoke regulation. The benefit of tailored regulation appears to have been successful for Transpower, its customers and regulators in the implementation of the current Transpower Settlement in lieu of control.
3. MEUG agrees that a full building blocks type analysis, including expenditure review, is needed to implement Individual Price-Quality Regulation for Transpower<sup>3</sup>. A one year transition and a four year initial Individual Price-Quality Regulatory period are supported as they are pragmatic and workable timeframes while still allowing scope to incentivise Transpower to innovate. It is also pragmatic to develop Input Methodologies for Transpower for information disclosure requirements consistent with those that would apply to Individual Price-Quality Regulation even though the latter is required a year later<sup>4</sup>.
4. MEUG has today made a separate submission commenting on the Commission's preliminary view on relevant Input Methodologies summarised on pages 36 to 40 of the Discussion Paper.

Yours sincerely

Ralph Matthes  
Executive Director

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<sup>1</sup> Refer <http://www.comcom.govt.nz/IndustryRegulation/Part4/DecisionsList.aspx>

<sup>2</sup> Discussion paper question 7

<sup>3</sup> Ibid question 6

<sup>4</sup> Ibid questions 2 and 3