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Dane Gunnell
Acting Manager, Price-Quality regulation
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Dear Dane Gunnell

**Cross submission on Input Methodology amendments for the DPP3**

Wellington Electricity Lines Limited (WELL) welcomes the opportunity to provide a cross submission to the Commerce Commission's (Commission) Draft Decision and Reasons Paper for the "Electricity distribution services Input Methodologies amendments determination" published 29 May 2019. WELL's views were represented by the ENA in the original submissions.

WELL is writing in support of Vector's submission which addresses concerns of underfunding in the current Input Methodologies (IM's) for distribution businesses. As summarised in Vector's submission and detailed in its accompanying report by the Competition Economists Group titled "Dealing with negative real risk-free rates", the returns provided by the IMs may lead to equity investors expecting nominal returns up to 3.9% below that required for equivalent investments elsewhere. Enabling electricity distribution businesses to earn fair market returns will help ensure a correct level of investment in New Zealand distribution network.

WELL recommends that the Commission investigate the challenges outlined by Vector and consider their recommended changes which include implementing corrections that have already been applied in the regulatory regimes of other countries.

If you have any questions or there are aspects you would like to discuss, please don't hesitate to contact Scott Scrimgeour, Commercial and Regulatory Manger, at sscrimgeour@welectricity.co.nz .

Yours sincerely

**Greg Skelton**
**Chief Executive Officer**