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14 July 2014

Brett Woods
Senior Analyst
Regulation Branch
Commerce Commission
Wellington

Sent by email to: regulation.branch@comcom.govt.nz

Dear Brett,

EDB DPP IM amendments

1. Vector welcomes the opportunity to provide a submission on the Commerce Commission's (Commission) consultation paper *Proposed amendments to input methodologies for Electricity Distribution Services*, dated 24 June 2014.

Definition of notional deductible interest

2. Vector's view remains that the timing assumptions within the DPP model add unnecessary complexity that is out of proportion to their impact on prices. When compared to, for example, the degree of judgement relating to the choice of WACC percentile, the complexity involved in seeking to precisely model the exact timing of cash-flows seems unjustified.
3. However, if the complex cash-flow timing assumptions remain in the model the amendment is sensible.

Deduction of double-counted term credit spread differential allowance

4. Vector supports this proposed amendment.

Definition of amortisation of initial differences in asset values

5. Vector supports this proposed amendment. We note that the same amendment should also be made to the gas distribution input methodologies.

Contact details

6. If you require any further information please contact me in the first instance on 09 978 8277 or at ian.ferguson@vector.co.nz

Kind regards,

A handwritten signature in blue ink, appearing to read 'I. Ferguson', is positioned above the printed name.

Ian Ferguson
Regulatory Policy Manager