



# MAJOR ELECTRICITY USERS' GROUP

16 May 2007

Jenny Walton  
Electricity Commission  
By email to [info@electricitycommission.govt.nz](mailto:info@electricitycommission.govt.nz)

Dear Jenny

## **Submission on proposed Memorandum of Understanding between the Electricity Commission and the Commerce Commission**

1. This is a submission by the Major Electricity Users' Group (MEUG) on the *Memorandum of Understanding between the Electricity Commission and the Commerce Commission, April 2007*, (the "draft MOU") published jointly by the Electricity Commission and Commerce Commission on 1 May 2007.
2. The diagram attached to the covering 2 page paper to the draft MOU is very useful. Perhaps the diagram could be enhanced to incorporate two further aspects.
3. First, how end consumers fit-in. The October 2006 changes by the Minister to the Government Policy Statement (GPS) was strong on keeping Transpower's revenue requirement whole but weak on ensuring grid investment was needed by well informed end consumers willing to pay the full price after having considered all feasible options. The draft MOU can't fix the faults in the GPS, but they could help illuminate the importance and role of end consumers.
4. Second and this is related to the first point above, how bi-lateral contracts fit in. The text of the Schedule titled *Protocol on Transmission Arrangements*, discusses bi-lateral contracts between Transpower and others for new investment contracts. There may also be some Transmission Agreements that are different to the Benchmark Agreement. How those fit in could also be usefully included in the diagram. The diagram explains the current regime and importance of the regulators. Including the role of contracts might assist in the path towards a greater role for contracts and less of a role for regulators under both the threshold regime and Part F.

Yours sincerely

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Executive Director