MAJOR ELECTRICITY USERS' GROUP

5 June 2007

Mr Michael Clark
Director
Networks Branch
Commerce Commission
By email to electricity@comcom.govt.nz

Dear Michael

Submission on proposed Commerce Act (Transpower thresholds) Notice 2007

1. The Major Electricity Users' Group (MEUG) support the proposal by the Commerce Commission to "roll over" for the year ending 30 June 2008 the thresholds notice for Transpower that currently applies for the year ending 30 June 2007, ie:

   a) No change to X being equal to 1% for the price path threshold of CPI-X; and

   b) No change to the quality thresholds for reliability and consumer engagement.

2. Over the next year there is a possibility that a settlement or control regime may replace the threshold regime as it applies to Transpower. MEUG believes electricity line businesses should comply with current thresholds until the post-breach inquiry is complete. It is very frustrating and difficult for end consumers to plan for likely transmission costs when Transpower ignore the thresholds and take over a year to make public the reasons for breaching prior thresholds and to table a settlement proposal. If Transpower believe X=1% is incorrect then they have had ample time to demonstrate why "X" should be different. Without that evidence the "roll over" of X=1 is a pragmatic approach.

Yours sincerely

Ralph Matthes
Executive Director

PO Box 8085, Level 8, Wakefield House, 90 The Terrace, Wellington, New Zealand
T +64-4 494 0996, F +64-4 494 0997, info@meug.co.nz , www.meug.co.nz