



MAJOR ELECTRICITY USERS' GROUP

27 September 2010

Matthew Lewer
Regulation Branch
Commerce Commission
By email to regulation.branch@comcom.govt.nz

Dear Mr Lewer

Submission on Default Price-Quality Path Refinements

1. This is a submission by the Major Electricity Users' Group (MEUG) on the Commerce Commission paper "2010-2015 Electricity Distribution Default Price-Quality Path Refinements Discussion and Draft Decisions Paper" published 13th August 2010¹.
2. MEUG agrees with the proposal to amend the compliance assessment formula to include a revenue differential term. This will overcome the disincentive to EDB to pass through one-off cost savings by decreasing revenues relative to allowable notional revenue in one year because the following year the EDBs could not re-price back to the maximum price path. The current formula links future price paths with prior actual prices. The proposal will unlink these.
3. We agree with the proposed refinements in chapter 3 of the draft decisions paper in so far as various policies such as pass-through costs, recoverable costs and IRIS are finally determined as Input Methodologies by the Commission. MEUG does not agree with the Commission draft Input Methodologies in relation to those particular items. MEUG agrees with clarifying that CPI-X refers to revenues before GST and to make a one-off adjustment to remove the step change in CPI due to the change in GST on 1st October 2010.
4. This submission is not confidential.

Yours sincerely

Ralph Matthes
Executive Director

¹ <http://www.comcom.govt.nz/assets/Electricity/201015-Reset-DPP/2010-2015-Electricity-Distribution-Default-Price-Quality-Path-Refinements-Discussion-and-Draft-Decisions-Paper-13-August-2010.pdf>