



# MAJOR ELECTRICITY USERS' GROUP

15 May 2012

Fraser Clark  
General Manager Operations Development  
Electricity Authority

By email to [submissions@ea.govt.nz](mailto:submissions@ea.govt.nz)

Dear Fraser

## Consultation Paper – Asset Commissioning and testing Issues

1. This is a submission by the Major Electricity Users' Group (MEUG) on the Electricity Authority consultation paper "Asset Commissioning and Testing Issues", April 2011<sup>1</sup>.
2. Responses to the questions in the consultation paper follow:

Question	MEUG response
Q1. What comments do you have on the costs / benefit assessment presented?	<p>Agree benefits of the proposed amendments will be tangible, and implementation costs negligible.</p> <p>With respect to incentives on the grid owner to efficiently manage grid commissioning costs, paragraph 3.2.65 notes:</p> <p><i>"Transpower's transmission charges are subject to the 2010 input methodologies determination applicable to Transpower pursuant to part 4 of the Commerce Act 1986. Under this determination, Transpower will be able to recover some, if not all, of such commissioning costs in this way."</i></p> <p>Full pass through of such costs by Transpower may not be as efficient as Transpower taking all or some exposure and</p>

<sup>1</sup> <http://www.ea.govt.nz/our-work/consultations/psocq/asset-commissioning-testing-issues/>

Question	MEUG response
	therefore having an incentive to effectively manage new grid commissioning costs. This is a matter for the Commerce Commission in terms of a possible future improvement to the Input Methodologies rather than a matter within the scope of the Authority. MEUG notes this for information only. This does not alter our view that MEUG agrees that the proposed Code amendments have a net benefit.
Q2. Are there additional costs or benefits to be considered? If so, please provide an estimate of the magnitude of each.	Have no other suggested benefits and costs to be considered.
Q3. Are there any reasons for not applying Authority's proposal to committed projects?	Not that we are aware of.
Q4. Is there another option the Authority should consider? If so, please describe the option and provide your assessment of the extent to which it meets the objectives of the proposed amendment.	We have no other suggested options.
Q5. What comment do you have on the Authority's assessment of the proposed amendment against the requirements of section 32(1) of the Act?	The analysis in appendix 2 is reasonable.
Q6. What comment do you have on the Authority's assessment of the proposed amendment against the Code amendment principles?	The assessment against the Code amendment principles in paragraphs 5.6.1 to 5.6.7 and the cost benefit analysis in section 5.3 are reasonable.

3. This submission is not confidential.

Yours sincerely



Ralph Matthes  
Executive Director