



MAJOR ELECTRICITY USERS' GROUP

11 October 2013

Dr John Rampton
General Manager Market Design
Electricity Authority

By email to submissions@ea.govt.nz

Dear John

Working paper – Transmission pricing methodology: CBA

1. This is a submission by the Major Electricity Users' Group on the Electricity Authority working paper¹ "Transmission pricing methodology: CBA" dated 3rd September 2013. Members of MEUG have been consulted in the preparation of this submission. This submission is not confidential.
2. We asked NZIER for their view of the paper. A letter from NZIER dated 9th September 2013 with comments is attached and should be read as part of MEUG's submissions.
3. In addition MEUG notes that we agree with the 10 step process in paragraph 1.4 for CBA framework as a decision tool. It's worth noting that often in commercial settings subsequent decisions using CBA are subject to ex post review to compare actual costs and benefits with the original CBA. This serves as a means to learn lessons on how to improve future CBA. MEUG suggests the same approach should also apply to major CBA undertaken by the Authority.

Yours sincerely

Ralph Matthes
Executive Director

¹ <http://www.ea.govt.nz/dmsdocument/15683> found at <http://www.ea.govt.nz/our-work/consultations/priority-projects/tpm-cba-working-paper/>