



MAJOR ELECTRICITY USERS' GROUP

16 April 2014

Dr Brent Layton
Chair
Electricity Authority
c/- email to mary.ryan@ea.govt.nz

Dear Brent

Working paper on TPM problem definition

At the Regulatory Managers and Consumers Representatives meeting last week the idea of an additional TPM working paper to articulate and re-fresh the problem definition was discussed. The MEUG Executive Committee yesterday unanimously agreed such a working paper at this stage of the process would be helpful. This letter requests the Authority consider consulting on an updated TPM problem definition working paper ahead of the residual paper.

A working paper refreshing and revising the problem definition(s) described in section 4 of the consultation paper dated 10th October 2012 based on submissions to date and the conference mid last year would be useful ahead of the residual working paper for two reasons. First, the residual working paper could quickly become unmanageable given the multiplicity of beneficiary pay and residual option combinations. Sorting feasible most likely options from other options should, in the absence of a full CBA, be made cognisant of the problem definition. This should be the most up to date problem definition.

Second, many submissions on the beneficiaries pay working paper were focussed on winners and losers from possible changes in transmission charges. That working paper, in our view, had insufficient linkages to explain why under some scenarios there are very large changes in charges paid by different end users' and how those could be justified to meet the policy problem definition. Uncertainty on the problem definition and linkage with possible options selected for discussion has created anxiety and discontent. The residual working paper could avoid this by discussing options in the context of those being solutions to an updated problem definition.

Yours sincerely

Ralph Matthes
Executive Director