



MAJOR ELECTRICITY USERS' GROUP

15 November 2013

Dr John Rampton
General Manager Market Design
Electricity Authority

By email to submissions@ea.govt.nz

Dear John

Working paper – Transmission pricing methodology: Sunk costs

1. This is a submission by the Major Electricity Users' Group on the Electricity Authority working paper¹ "Transmission pricing methodology: Sunk costs" dated 8th October 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 15th November 2013 with comments is attached and should be read as part of MEUG's submissions.
3. MEUG appreciates the measured pace for consultation to date and planned for further TPM working paper consultation rounds by the Authority. A path to effectively coalesce all this work is needed because, as NZIER note (refer last sentence of their letter) "... without an appropriately defined and agreed problem definition that is assessed through a fit-for-purpose cost-benefit analysis, the disagreements about the efficiency of the proposed TPM and the potential for unintended outcomes will remain, regardless of the clarity that is gained around these principles."

Yours sincerely

Ralph Matthes
Executive Director

¹ <http://www.ea.govt.nz/dmsdocument/15846> found at <http://www.ea.govt.nz/our-work/consultations/priority-projects/tpm-sunk-costs-working-paper/>. Also available at this web page was an overview paper.