

10 March 2011

Electricity Authority  
P O Box 10041  
Wellington 6143

Mighty River Power Limited  
Level 14, 23-29 Albert Street  
Auckland 1010  
PO Box 90399  
Auckland Mail Centre  
Auckland 1142

Phone: +64 9 308 8200  
Fax: +64 9 308 8209  
[www.mightyriverpower.co.nz](http://www.mightyriverpower.co.nz)

Dear Sir or Madam

### **Consultation Paper - Regulatory Framework for the Transmission Pricing Methodology**

Thank you for the opportunity to comment on the proposed changes to the regulatory framework for the transmission pricing methodology. Mighty River Power welcomes the proposed changes. It makes sense to us to remove the pricing principles from the Code and assess the consistency of any proposals relating to the guidelines and Transmission Pricing Methodology against the Authority's statutory objective.

| <b>Question No.</b> | <b>General comments in regards to the:</b>  | <b>Response</b>   |
|---------------------|---|---|
| Q1                  | Do you agree there is sufficient reason to review the regulatory framework? If not, why not?                              | Yes   |
| Q2                  | Do you agree with the objectives? If not, why not? Are there other objectives that need to be included in the assessment? | Yes<br>No, the objectives are sufficiently broad  |
| Q3                  | Do you agree with the assessment of option 1? If not, why not?  | Yes   |
| Q4                  | Do you agree with the assessment of option 2? If not, why not?  | No, this option has provided inaccurate signals and is somewhat unpredictable. A new agreed method is preferred |
| Q5                  | Do you agree with the assessment of option 3? If not, why not (e.g. if there are more appropriate principles)?            | No, the pricing principles are not working as well as they could and are in need of an overhaul                 |
| Q6                  | Do you agree that option 1 has a net benefit than the two alternatives? If not, why not?                                  | Yes   |

Yours faithfully

A handwritten signature in black ink, appearing to read "G. Crawshay". The signature is written in a cursive style with a horizontal line underlining the name.

**Grant Crawshay**  
Transmission Manager