

23 July 2015

Richard Fletcher  
GM Regulation and Government Relations, Powerco  
Level 4, 1 Grey Street  
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Graeme Peters  
Chief Executive, Electricity Networks Association  
7th Floor, Wellington Chambers  
154 Featherston Street  
Wellington 6011

CC: Nathan Strong, General Manager Business Assurance, Unison Networks Ltd

Dear Richard and Graeme,

**Powerco and ENA comment on IM review process**

This letter is in response to comments made in Powerco's comment on the CPP fast-track for input methodologies review, received by the Commission on 10 July, along with the Electricity Networks Association's (ENA) on process for IM Review, also dated 10 July.

Following on from our phone conversations last Friday 17 July, I would like to confirm that we will not depart from our stated process and timing for submissions and cross-submissions following the input methodologies forum. We have also decided at this stage against issuing any further paper (e.g. reissue of the invitation to contribute to problem definition paper) for submitters to comment on following the forum, or making further changes to our Input methodologies review process.

Submission dates for this phase of our process were initially set out in our Invitation to contribute to problem definition paper, published on 16 June 2015, where we indicated that submissions were being sought on that paper and encouraged stakeholders to focus their submissions on developing specific problem definitions, and only getting to potential solutions where a clear problem definition is put forward.

At that time we stated that the forum was being held as an extra event to enable stakeholders to share and test views with us and other stakeholders prior to the making of those submissions, and encouraged stakeholders to continue considering and developing their thinking in this regard, as well as engaging expert advisers in anticipation of participating in the forum.

We have had a number of bilateral meetings and phone conversations before and subsequent to the release of the invitation to contribute to problem definition paper where we discussed this process, so were surprised to see the comments included within your CPP fast-track comments and letter.

We would like to reiterate, however, that the key motivation for us running this problem definition phase of our review, a phase which we have not run in the past, is to help enable stakeholders turn

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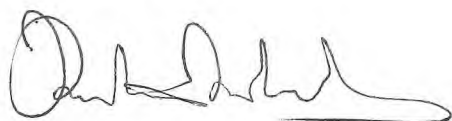
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their issues with the input methodologies into problem definitions that we can then access (along with the ones we have identified) for inclusion in the review. Following the receipt of submissions we expect to have a much clearer picture of the topics and problems for the ongoing review. At that point we plan to be in the position to further develop the process and timing for the next phase of the review and to update stakeholders on detailed next steps for review of problems defined for individual topics and / or input methodologies.

We anticipate that before the draft decision stage for the IM review (indicatively May 2016) there will be further opportunity for engagement and comment by stakeholders. This will likely depend on the nature of the individual topics and as I have noted we are best placed to assess this following receipt of submissions on the Problem Definition Paper.

Please contact me if you have any further questions in relation to this matter.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Keston Ruxton', with a long horizontal flourish extending to the right.

Keston Ruxton.  
Manager, Input Methodologies Review, Regulation