

22 September 2015

Mr John Loughlin  
Chair  
Powerco Limited  
Private Bag 2061  
New Plymouth

Dear John

**Re: Powerco decision to defer its 2016 CPP application**

Thank you for your letter of 17 September confirming that Powerco no longer intends to submit a CPP application in 2016.

We understand Powerco's concerns about the non-alignment between the WACC estimates used for customised and default paths, and the potential impact this has on incentives for applying for a customised path. It was with this in mind that we decided to fast track consideration of aligning the customised and default WACC estimates.

Given your decision to defer your application, we are assessing whether to proceed with the customised path fast track processes or reintegrate them back into the main input methodologies review. We intend to update all interested parties on this matter shortly.

Your letter, in part, essentially makes a submission to us on why we should continue the customised fast track processes. We therefore intend to publish your letter and this response on our website. Richard Fletcher has confirmed that Powerco has no concerns with this.

Yours sincerely



Dr Mark Berry  
Chairman