



4 July 2018

Keston Ruxton
Manager, EAD Regulation Development
Regulation Branch

Email to: Regulation.branch@comcom.govt.nz

Dear Keston,

EMERGING VIEWS ON ASSET BETA

We would like to thank you for giving Synlait Milk Limited the opportunity to make a submission on this point.

We agree with your conclusion that an asset beta of 0.38 is not practically feasible for an efficient processor and welcome your finding.

We agree with the report prepared by Cambridge Economic Policy Associates Pty Limited (dated 4 June 2018) that dairy and commodity processors are much better comparators than electricity distribution businesses in estimating the asset beta for a risk minimising notional producer which collects raw milk and processes it into commodity milk products like whole milk powder.

Yours faithfully

Deborah Marris
Director, Legal, Risk & Governance