



25 February 2022

Attn: Regulation branch
Commerce Commission
PO Box 2351
Wellington 6140

By email: regulation.branch@comcom.govt.nz

RE: Proposed Cost of Capital Amendments to Gas IMs

1. Greymouth Gas New Zealand Limited (**Greymouth**) welcomes the opportunity to provide this submission on the Commerce Commission's (**Commission**) proposed cost of capital amendments to the gas Input Methodologies (**IMs**) as set out in the Commission's following draft decisions:
 - a. Draft price-quality paths for gas pipelines businesses from 1 October 2022 – Draft Reasons Paper dated 10 February 2022 (**Draft DPP decision**); and
 - b. Proposed amendments to input methodologies for gas pipeline businesses related to the 2022 default price-quality paths – Draft Reasons Paper dated 10 February 2022 (**Draft IM decision**).
2. This submission addresses only the proposed cost of capital amendments. As requested by the Commission, Greymouth will provide a separate submission addressing the other matters set out in the Draft DPP decision and the Draft IM decision. For the purposes of this submission, however, Greymouth supports the adoption of a price reset for a four-year regulatory period for the price-quality period commencing 1 October 2022 (**DPP3**).
3. Given the significant upwards trajectory of prices signalled in the Draft DPP decision, Greymouth considers there should be no increase in the tax adjusted market risk premium.
4. Greymouth agrees that the WACC estimate should align with the regulatory period, and that the proposed 4-year regulatory period for DPP3 will require a WACC estimate based on a 4-year period rather than a 5-year period.
5. Greymouth therefore supports removing the reference to a 5-year period for the risk-free rate, debt premium and debt issuance cost inputs to the WACC. Greymouth also agrees that this change is of a technical rather than a substantive nature.

6. No part of this submission is confidential. Any queries should be directed to Chris Boxall (chris.boxall@greymouthpetroleum.co.nz) in the first instance with a copy to Colin Willett (colin@greymouthpetroleum.co.nz).

Yours sincerely

A handwritten signature in blue ink that reads "C. Willett". The signature is written in a cursive style with a large initial 'C'.

Colin Willett
General Manager – Finance and Administration