

4 July 2023

Len Houwers
Envisory Ltd/ Arete Consulting Ltd
Secreteriat for the Major Gas Users Group Incorporated

By email only: [REDACTED]

Dear Mr Houwers

Input Methodology Review

1. Thank you for MGUG's letter dated 16 June 2023 and your email dated 28 June 2023.
2. As your letter and email relates to our Input Methodology ("IM") Review process, we intend to publish them, as well as this response, on our website.

Our approach to decision making in the IM Review

3. Our Context and summary paper,¹ which accompanied our Draft Decisions, summarises the approach taken to identify which IMs to consider changing and to then reach decisions about changing them. This is set out in detail in our IM Review decision-making framework paper². In brief, this approach is based on whether an IM change would better achieve the three overarching objectives of our IM Review decision-making framework.³
4. As an important part of the above approach, we welcome submissions on our draft decisions. Submissions from interested persons, such as MGUG, are valuable to us. All submissions we have received were considered by us in reaching our draft decisions, and all submissions received on the draft decision will be considered by us in reaching our final decisions.
5. However, once we publish our draft decisions, we do not enter into a back-and-forth discussion through our published materials with submitters. Submitters bring a wide range of views, and it would not be practicable for us to address every point, idea or argument they raise. Instead, the Report on the Review and the topic papers we released give our reasons for the draft decisions we have made. This includes illustrating how we have taken account of relevant points raised with us in previous

¹ Context and summary of Draft decisions – Part 4 Input Methodologies Review 2023.

² [Commerce Commission "IM Review 2023 - Decision-making Framework paper" \(13 October 2022\)](#).

³ Promoting the purpose of Part 4, promoting the purpose of the IMs, and significantly reducing compliance costs.

consultation and engagement but does not require us to exhaustively detail every point previously made to us. That is to say that we have considered all views raised with us in the timeframes provided for previous IM Review consultation and engagement, even if we have not detailed every such view in our draft decisions.

MGUG's comments on our process in reaching the draft decisions

6. MGUG's letter makes various comments regarding our process and decision making. MGUG called into the question whether the Commission values and engages with stakeholder submissions and whether it has approached the IM Review with an open mind. Further, MGUG expresses the suspicion that the Commission is instead vested in maintaining its earlier decisions on stranding issues and is ignoring submissions by MGUG (and others), because it does not want to be seen as conceding on matters that are on appeal.
7. As noted above, we have approached the IM Review with an open mind. Our draft decisions on asset stranding for GPBs have not been influenced by MGUG's appeals, and we have not avoided engaging with certain submissions for that reason (or any other reason). We have approached our decisions on asset stranding afresh and on the same basis as our other decisions – by applying the approach referred to at paragraph 3, above.
8. It appears that MGUG's suspicions arise from its view that we have not engaged with its submissions and have not responded to each of its points, ideas and arguments in our Topic Paper. As noted above, to the extent that we have not detailed in our draft decisions every point put forward by MGUG, this should not be taken as implying that we have not considered those points, or that we are closed to them.
9. As acknowledged in your email, our reasons for the decisions we made on gas asset stranding are set out in our Financing and incentivising efficient expenditure topic paper,⁴ from paragraph 3.168 (on page 70) to paragraph 3.240 (on page 91). We did take relevant points from MGUG's submissions into account in reaching the decisions discussed in those paragraphs. Indeed, we have referred to MGUG's concerns and views in the text, and referenced its submissions on multiple occasions.

Request for a meeting

10. MGUG seeks a meeting to discuss its disagreement with our process and/or discuss what evidence might influence us. We decline this request.
11. Now that we are in the final stage of our IM Review process, it would not be consistent with a fair process for us to meet with particular interested persons (such as MGUG) to discuss our draft decisions. This is because other parties would not have this opportunity. Likewise, any points raised during such meetings would not be available to other interested parties to consider and cross-submit on as part of our draft decision consultation.

⁴ [Financing and incentivising efficient expenditure during the energy transition topic paper – Part 4 Input Methodologies Review 2023 – Draft decision, 14 June 2023.](#)

12. You advised that you would have difficulty accepting a response that MGUG engage with the submission process. However, that is what we must invite MGUG to do. Submitting on our draft decision is MGUG's opportunity to provide feedback on our draft decision, including advancing any alternatives it would like us to adopt.
13. We will take account of relevant points raised by MGUG and other submitters in reaching our final decision.

Yours sincerely

Charlotte Reed
Manager – Input Methodologies