



Beyond the Boundaries

Keston Ruxton  
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## Expert advice on Beta adjustments

Dear Keston,

Thank you for providing us with the opportunity to make submissions on gas pipeline specific aspects of the expert advice on beta adjustments.

We make the following comments and suggestion

### 1. Asset beta adder for gas pipeline businesses.

- a. We note the view of Dr Lally that he does not favour the present beta differential of 0.1 between electricity distribution and gas pipeline businesses.
- b. We consider that mainly due to the removal of gas fired electricity generation in the Auckland area, that it is very unlikely that there will be any need for expansion of the gas transmission system at least within the next regulatory period. The prospect of pipeline expansion appears to have been a point of distinction in supporting the present asset beta adder.
- c. The present asset beta adder of 0.1 is as we understand it, of some materiality to consumers as it adds a significant sum in the order of \$16M pa to consumers costs .
- d. We believe therefore that Dr Lally's advice on this matter that there is now no or very little justification for an adder for at least gas transmission lines is correct.

Thank you for the opportunity to make this submission. We are happy to respond to any further questions you may have.

Yours Sincerely

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