



MAJOR ELECTRICITY USERS' GROUP

30 September 2014

Brett Woods
Senior Analyst
Regulation Branch
Commerce Commission
By email to regulation.branch@comcom.govt.nz

Dear Brett

Submission on further evidence on proposed amendment to WACC percentile

1. This is a submission by the Major Electricity Users' Group (MEUG) on the Commerce Commission paper "Further work on cost of capital input methodologies: Invitation for submissions on further evidence", dated 19th September 2014.
2. MEUG sought expert independent advice from the New Zealand Institute of Economics (NZIER) and Ireland, Wallace & Associates (IWA). The advice of those experts is appended separately and form part of this submission. Those reports are:
 - NZIER "No case for WACC uplift – A brief review of the 17 September Dobbs paper in the context of the WACC uplift question, 30th September 2014. NZIER comment on the review by Professor Dobb's of the Frontier Economics submission referred to in paragraphs 4 to 9 of the Invitation for submissions on further evidence paper.
 - IWA "Commerce Commission's Proposed Amendment to the WACC Percentile for Electricity Lines Services and Gas Pipeline Services dated 22 July 2014, Report to Major Electricity Users' group for Submission on 'Further Evidence'", 30th September 2014. IWA comment on the sale of King Country Electric Power Trust's shares in The Lines Company to Waitomo Energy Services Consumer Trust in December 2013 referred to in paragraphs 12 and 13 of the Invitation for submissions on further evidence paper.
3. Members of MEUG have been consulted in the preparation of this submission. This submission is not confidential.

Yours sincerely

Ralph Matthes
Executive Director

Level 1, 93 The Terrace, Wellington 6011, New Zealand
PO Box 8085, The Terrace, Wellington 6143, T +64-4 472 0128, info@meug.co.nz , www.meug.co.nz