

Appendix 1: Proposed Code Amendment: Regulatory Framework for the Transmission Pricing Methodology

This appendix responds to questions asked by the Authority in relation to the consultation paper on amending the regulatory framework for the transmission pricing methodology (TPM).

Question 1: Do you agree there is sufficient reason to review the regulatory framework. If not, why not.

Meridian agrees with the Authority's analysis that *'the interface between the statutory objective, the guidelines and the pricing principles is complex, unwieldy and combined with the ongoing lack of consensus around the pricing principles is a demonstrable regulatory failure'*.

Meridian supports the Authority's proposal that the pricing principles and related interpretation clauses (clauses 12.79 and 12.80) are removed from the Code.

Question 2: Do you agree with the objectives? If not, why not? Are there other objectives that should be included in the assessment?

Meridian agrees with the Authority's objectives for the Code Amendment Proposal. Namely,

- Simplify the decision framework for developing and evaluating the guidelines and the TPM;
- Reduce transaction costs for the Authority and interested parties in formulating the guidelines and the TPM;
- Remove superfluous regulation and simplify the Code; and
- Recognise and reflect the Authority's narrower statutory objective.

Question 3: Do you agree with the assessment of option 1? If not, why not?

Meridian supports the Authority's assessment of option 1, particularly noting that submitters in previous consultations have found the pricing principles confusing and contradictory. The removal of the principles should facilitate greater regulatory certainty by promoting investment.

Question 4: Do you agree with the assessment of option 2? If not, why not?

Meridian supports the Authority's assessment of option 2.

Question 5: Do you agree with the assessment of option 3? If not, why not (e.g. if there are more appropriate principles)?

Meridian acknowledges that there will be some efficiency gains from the revised pricing principles, but considers that these are likely to be achieved by relying on the statutory objective alone.

Question 6: Do you agree that option 1 has a net benefit than the two alternatives? If not, why not?

Meridian agrees with the Authority that option 1 has a higher net benefit relative to the two alternatives.