

28 September 2007

2013 Review
Electricity Group
Energy and Communications Branch
Ministry of Economic Development
33 Bowen Street
PO Box 1473
WELLINGTON

INTRODUCTION

The Ministry of Economic Development has invited interested parties to present submissions on its discussion paper “Review of Section 62 of the Electricity Act 1992 - Continuance of Supply (2013) Review”.

BACKGROUND

PowerNet Limited

PowerNet is a network management company with a head office in Invercargill. PowerNet was established in 1994 as an incorporated joint venture to manage the electricity assets of its owners Electricity Invercargill Limited (EIL) and The Power Company Limited (TPCL).

PowerNet has subsequently won contracts to manage the electricity distribution networks of Otago Power Limited (OPL) and the Stewart Island Electrical Supply Authority (SIESA).

In June 2002 the electricity distribution assets of OPL were sold in an open market competitive sale process to EIL, TPCL and Marlborough Lines Limited (MLL) acting as the OtagoNet Joint Venture (OJV). PowerNet retained the management contract with OJV following that change of ownership.

The networks currently under PowerNet’s management have an ODV in excess of \$350 million and convey over 1,350GWh through 13,500 km of lines and cables to 65,000 consumers. The networks under PowerNet’s management are EIL, TPCL, OJV, and SIESA.

The line businesses managed include some of the least (OJV) and most dense (EIL) in New Zealand and have had various forms of ownership including:

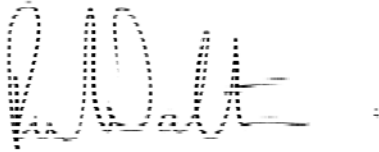
- Local authority (EIL, SIESA)
- Consumer Trust (TPCL post 1998)
- Central Government (TPCL pre 1998)
- Consumer Cooperative (OPL)
- Investor owned (OJV)

SUBMISSION

PowerNet, on behalf of its large lines business owners, EIL, TPCL and OJV:

- has contributed to and supports the submission from PricewaterhouseCoopers representing 18 large electricity lines businesses;
- supports in principle the obligations of lines businesses towards their existing connected customers who wish to continue to receive an electricity supply;
- does not wish to see lines businesses constrained to providing a reticulated electricity supply to existing customers but to also include providing assistance to customers with a transition to an alternative supply option if that was the optimum solution in providing a continuing supply to the customer;
- agrees in principle with the recommendations in the submission of the Electricity Networks Association.

Yours faithfully

A handwritten signature in black ink, appearing to read 'M. Walton', with a horizontal line underneath.

Martin Walton
Chief Executive

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