

The Lines Company

**APPLICATION FOR EXEMPTION UNDER
SECTION 81 OF THE ELECTRICITY INDUSTRY
REFORM ACT 1998**

RUSSELL McVEAGH

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Date of Application

1. 1 March 2007.

Applicant

2. The applicant is The Lines Company Limited ("**TLC**") an electricity lines business located in the North Island's 'King Country' region of New Zealand. TLC's network area covers 13,700 km² and services around 20,000 customers, including domestic consumers and major industries like NZ Steel and McDonald's Lime.

TLC is 75% owned by the Waitomo Services Customer Trust and 25% owned by the King Country Power Customer Trust. TLC came into existence on 1 April 1999, as a result of the Government's electricity industry reforms.

TLC's head office is in Te Kuiti, but it also has a physical presence in Otorohanga, Taumarunui, Turangi, Ohakune, and Mangakino.

Application

3. Pursuant to section 81 of the Electricity Industry Reform Act 1998 ("**EIR Act**"), application is hereby made to the Commerce Commission for an exemption from the application of the EIR Act, and in particular, from Arms Length Rules 7-10 requiring separate management of electricity lines and generation businesses.

Urgency

4. Subject to the Commerce Commission granting the exemption sought, TLC will commence construction of a 2 MW hydro generation plant on the Waikohu Stream near Gisborne on 20 March 2007 (details of which are more particularly set out below). Consequently, TLC respectfully requests that its application be dealt with under urgency.
5. In TLC's submission, the application for exemption can be dealt with swiftly for the following reasons:
 - (a) The exemption relates to a 2 MW hydro-generation project that is **not** on TLC's network;
 - (b) The exemption sought relates only to Arms Length Rules requiring separate management for electricity lines businesses and electricity generation; and
 - (c) The Commerce Commission has previously granted applications in relation to similar schemes (for example Decision No 591 in relation to Westpower Limited).

Summary of The Proposal

6. As mentioned above, TLC is proposing to construct and operate a 2 MW hydro generation plant on the Waikohu stream near 755 Oliver Road, Matawai, Gisborne ("**Matawai Scheme**".)
7. The Matawai Scheme will be implemented through a joint venture arrangement with the Rata Hills Trust. The Rata Hills Trust is the landowner of the site on which the Matawai Scheme will be constructed and is not an electricity lines business.
8. The vehicle for the joint venture will be Matawhai Hydro Limited, a separate company incorporated specifically for the project. Details of the ownership structure are set out in paragraphs 17-19 below.
9. The Matawai scheme is **not** located within the area of TLC's network, but within Eastland Network Limited's ("**Eastland's**") network.
10. The proposal is to connect the generation to Eastland's network and sell the output to an electricity retailer rather than attempting to sell to retail customers. (No specific contract is in place at this stage in relation to the sale of electricity.)
11. Subject to the exemption being granted, it is intended that construction of the Matawai scheme will commence on 20 March 2007.
12. It is intended that directors and management of TLC be involved in the management of the joint venture company.
13. Consequently, TLC seeks an exemption from Rules 7-10 of the Arms Length Rules in Clause 2 of Schedule 1 of the EIR Act.

Confidentiality

14. Confidentiality is sought in respect of all items deleted from the public copy of this application ("**Confidential Information**"). The items are indicated in the non-public version in ("[]"), the entire contents of which are confidential.
15. In respect of the confidential Information, a confidentiality order is sought under section 100 of the Commerce Act 1986 ("**Act**"), and confidentiality is claimed under section 9(2)(b)(ii) of the Official Information Act 1982, on the grounds that the transaction is commercially sensitive and valuable information which is confidential to the participants, and disclosure of it is likely to give unfair advantage to competitors of the participants and/or unreasonably to prejudice the commercial position of the persons involved.
16. TLC asks that it be notified of any request made to the Commission under the Official Information Act for release of the Confidential Information, and that the Commission seeks its views as to whether the information remains confidential and commercially sensitive, at the time responses to such requests are being considered.

Ownership Structure

17. The Matawai Scheme will be implemented through Matawai Hydro Limited, a company incorporated for the specific purpose of running the Matawai scheme and owning the assets associated with the scheme.
18. Initially TLC will be a 100% shareholder of Matawai Hydro Limited. However, once construction of the plant commences the Rata Hills Trust, the private landowner of the site of the scheme, will have the option of purchasing a [] share in Matawai Hydro Limited. (It is anticipated that Rata Hills Trust will exercise this option.)
19. It is intended that the constitution of Matawai Hydro Limited will be drafted so that if the Rata Hill Trust exercises its option it will have a right to appoint one of three directors to the Board of Matawai Hydro Limited. TLC will have the right to appoint the remaining directors.

Details of the Scheme

20. The Matawai Scheme will consist of a 2 m high weir across the Waikohu Stream bed near 755 Oliver Road, Matawai, which is between Opotiki and Gisborne.
21. The water will be diverted from the weir position (less the compensation flow as required by the Matawai Scheme's resource consent) via 2.5 km of buried steel penstock to a shed housing generators with the capacity to generate 2 MW of electricity. The electricity generated will be injected into Eastland's network and metered at that point. Connection will be on Eastland's published terms and conditions.
22. TLC understands that the Matawai Scheme is likely to bring with it significant security and voltage support to a remote part of Eastland's network. It will serve as a substitute for a diesel generator which Eastland is currently using to provide back up voltage support to its network. In the long term, the Matawai Scheme may defer the need for Eastland to upgrade its distribution network as a result of the additional voltage support that it will provide.
23. After passing through the generator turbines the water will be returned to the stream.
24. All necessary resource consents have been obtained to construct and operate the scheme and the Department of Conservation has indicated that it will grant a concession to allow the construction of a weir on the riverbed. Subject to the EIR Act exemption being granted, construction will commence on 20 March 2007.
25. It is anticipated that the electricity generated will be sold to an electricity retailer on a fixed price and variable quantity basis, although no specific contract has been entered into at this stage.
26. The budgeted cost of the Matawai Scheme is [] and it is anticipated that it will produce [] EBIDTA .

27. It is unlikely that any other business could implement the Matawai Scheme for the budgeted amount because TLC understands that most businesses work to a budget of around [] per MW for similar schemes.
28. TLC is able to construct the scheme within the budgeted amount by using existing TLC staff and contractors with extensive backgrounds in small hydro-generation. Consequently, the exemption TLC is seeking to allow TLC to draw on its in-house expertise is critical to the overall efficiency of the Matawai Scheme.

Reasons for Management of TLC Being Involved In the Matawai Scheme

29. Prior to 1999, Waitomo Energy Services (the predecessor to TLC) owned hydro-generation assets which supplied 6 MW of load to its network. These assets were sold to King Country Energy when the EIR Act came into force.
30. As a consequence of its history, TLC has in-house expertise in relation to the ownership and management of hydro-generation assets. TLC wishes to utilise that experience in the Matawai Scheme.
31. If instead of being able to draw upon its existing expertise, TLC was required to appoint separate management, the additional cost that this would create may jeopardise the economic viability of the Matawai Scheme given the relatively small scale of the project. As noted above, the estimated net income that the Matawai Scheme will produce is [] EBIDTA; the estimated additional cost of separate management is []. Also, as noted above TLC is only able to construct the Matawai Scheme within the budgeted amount as a result of being able to involve existing staff with extensive expertise in small hydro-generation.
32. Also, as noted above, the private landowner of the site will have the option of purchasing a [] shareholding in Matawai Hydro Limited and appointing one of three directors to the Board. TLC would need the ability to appoint its management to the Board of Matawai Hydro Limited in order to protect its investment.

Application of the EIR Act

33. Section 4 of the EIR Act provides that:
- (1) For the purposes of this Act, "electricity lines business":
 - (a) means a business that conveys electricity by line in New Zealand; and
 - (b) includes the ownership or operation, directly or indirectly, of lines in New Zealand or any other core assets of an electricity lines business.
 - (2) None of the following activities brings a person within subsection (1):
 - (a) conveying, together with its associates (if any), less than 2.5 GWh per annum; ...
34. TLC falls within the above definition, and is an electricity lines business.

35. The EIR Act provides for the definition of “electricity supply business” in s5(1):

Meaning of ‘electricity supply business’

- (1) For the purposes of this Act, ‘electricity supply business’ –
 - (a) Means a business that –
 - (i) Sells electricity in New Zealand:
 - (ii) Sells financial hedges for risks relating to the price of electricity in New Zealand:
 - (iii) Generates electricity in New Zealand:
 - (iv) Trades in rights to sell or generate electricity in New Zealand; and
 - (b) Includes the ownership or operation, directly or indirectly, of a generator in New Zealand or any other core generation assets; and
 - (c) Includes the ownership or operation, directly or indirectly, of any core assets of an electricity retail business, which include –
 - (i) The customer data base relating to and used for the purposes of an electricity retail or electricity trading business; and
 - (ii) The benefit of a contract to sell electricity; and
 - (iii) The benefit of an undertaking from any other electricity supply business not to compete with the business.

36. Through its proposed involvement in the Matawai Scheme, TLC would be deemed to be an electricity supply business through 5(1)(b) and 5(1)(c).

37. Accordingly, the proposal would result in TLC being an electricity supply business.

38. Section 17 of the EIR Act prohibits such cross-ownership. It provides:

Cross-ownership prohibition –

- (1) No person involved in an electricity lines business may be involved in an electricity supply business.
- (2) No person involved in an electricity supply business may be involved in an electricity lines business.

39. However, 46A of the EIR Act allows cross-ownership to exist in particular circumstances with respect to new generation from new renewable energy sources:

Exemption for new generation from new renewable energy source

- (1) The following activities do not cause any person to breach the ownership separation rules:
- (a) generating electricity from new generation using only—
 - (i) a new renewable energy source; or
 - (ii) a new renewable energy source and fossil fuels if fossil fuels provide no more than 20% of the total fuel energy input for the generator or generators comprising the generation plant in any 12-month period or any larger amount approved by the Minister under subsection (3):
 - (b) selling electricity referred to in paragraph (a):
 - (c) owning or operating, directly or indirectly, new ... generation, or any other core generation assets used in connection with new ... generation, that is capable of generating electricity referred to in paragraph (a).
- (2) Subsection (1) applies only if and as long as sections 24 and 25 are complied with (corporate separation and arms length rules).
- (3) The Minister may increase the thresholds in subsection (1)(a)(ii) or in paragraph (b) of the definition of “new renewable energy source” to approve a particular activity for the purposes of subsection (1) (on the conditions, if any, he or she thinks fit) after first taking into account whether or not the generation uses new or advanced technology.
- (4) In this section,—
- New generation means generation that is not existing on the date on which this section comes into force
- New renewable energy source—
- (a) means an energy source that occurs naturally and the use of which will not permanently deplete New Zealand's energy sources of that kind, because those sources are generally expected to be replenished by natural processes within 50 years or less of being used; but
 - (b) does not include hydro or geothermal energy sources at a generator or generators comprising a generation plant that has an aggregate generating capacity (determined according to nameplate or nameplates) of more than 5 MW, unless approved by the Minister under subsection (3).

- (5) This section does not limit section 5(2)(e) (exclusion from definition of electricity supply business).

40. Section 46A of the EIR Act would allow TLC to proceed with its involvement in the Matawai scheme (which is a new hydro-generation project with an output of less than 5 MW), provided that sections 24 and 25 of the EIR Act are complied with.

41. Section 24 of the EIR provides:

Corporate separation

Every person that carries on an electricity business that is exempt from complying with the ownership separation rules by reason of any of sections 28 to 35 (interim exemptions) or sections 37 to 45 (mirror trusts) or section 46A (exemption for new distributed generation from new renewable energy source) or section 46C (exemptions for generation commissioned after 20 May 2003 and for reserve energy) must, from 1 April 1999, carry on its electricity lines business and its electricity supply business in different companies.

42. TLC intends to use Matawai Hydro Limited, a discrete company, to carry out its electricity supply business.

43. Section 25 of the EIR provides:

Arms length rules

- (1) Every person that is involved in an electricity business and that is exempt from complying with the ownership separation rules by reason of any of sections 28 to 35 (interim exemptions) or sections 37 to 45 (mirror trusts) or section 46A (new distributed generation from new renewable energy source) or section 46C (exemptions for generation commissioned after 20 May 2003 and for reserve energy), and every electricity business in which any such person is involved, must, from 1 April 1999, comply, and ensure that that person's electricity businesses comply, with the arms length rules.
- (2) For that purpose, references in the arms length rules to business A and business B are references only to the electricity lines business and electricity supply business in which the exempt person is involved.
- (3) A transfer that implements a separation for the purposes of section 24 need not be on an arms length basis, but the outcome of the separation must enable compliance with the arms length rules.

44. TLC would be "involved" in an electricity business because it would be captured by the definition of "involved" in section 7 of the EIR Act. Section 7 of the EIR Act provides:

Meaning of 'involved'

- (1) For the purposes of this Act, a person is involved in an electricity business if the person –

- (a) Carries on that business, either alone or together with its associates and either on its own or another's behalf; or
 - (b) Exceeds the 10% threshold in section 8 in respect of that business; or
 - (c) Has material influence over the business; -
- and 'involvement' has a corresponding meaning.

45. By virtue of its shareholding alone TLC would have material influence over the Matawai Scheme. In addition, any staff of TLC involved in the management of the scheme are likely to exert a "material influence". Section 11 of the EIR Act defines "material influence" :

(1) Without limiting the ordinary meaning of the expression "material influence", the following people are deemed to have material influence over an electricity business:

- (a) A manager of a person that carries on the business
- (b) If the business is carried on by a natural person, that person:
- (c) A person in accordance with whose directions, instructions, or wishes a person referred to in either of paragraph (a) or paragraph (b), or the business, may be required or is accustomed to act in respect of the carrying on or management of the business:
- (d) A person that exercises or that is entitled to exercise, or who controls or is entitled to control the exercise of, powers which would ordinarily fall to be exercised by a person referred to in either of paragraph (a) or paragraph (b):
- (e) A person that can appoint or remove, or control the appointment or removal of, a person referred to in either of paragraph (a) or paragraph (b):
- (f) A person that has a power to influence a decision of the business which would ordinarily require the holding of control rights which would cause the person to exceed the 10% threshold:
- (g) A person in circumstances where that person and the business is acting, or proposing to act, jointly or in concert in relation to the business; or
- (h) A person that, under a trust or agreement (whether or not the person is a party to it), may at any time have any of the powers referred to in paragraph (c) to paragraph (f).

- (2) Where a person has material influence over an electricity business under this section, and another person has any of the powers or controls referred to in paragraph (c) to paragraph (h) in relation to the first person or the majority of its managers, then that other person is deemed also to have material influence over the business, and so on.
- (3) A person is deemed to have material influence over an electricity business if the person is one of 2 or more associates who, together, have material influence over the business.
- (4) Subsection (3) does not apply to deem a person to have material influence over a business only because that person is, under section 12(1)(b) or (c), an associate of another person, provided those associates act in accordance with the arms length rules (with all necessary modifications) in respect of the business.
- (5) For the avoidance of doubt, a power to cast one of many votes at an election of trustees or councillors does not, of itself, constitute material influence.

46. TLC's involvement in the Matawai Scheme means that it must comply with the Arms Length Rules in order to avoid breaching the EIR Act.

47. The Arms Length Rules are set out in Schedule 1 of the EIR Act. However of particular significance are rules 7-10 , which require the management of the electricity lines business and the electricity supply business to be separate. Rules 7-10 of the Arms Length Rules are set out below:

Requirement for Separate Management

- 7. A manager of business A must not be a manager of business B.
- 8. A manager of business A must not be an associate of business B, other than by virtue of being a manager of business A.
- 9. A manager of business A must not be involved in the business of business B.
- 10.
 - (1) Subject to subclause (2), no person may place the manager of business A under an obligation, whether enforceable or not, to act in accordance with the directions, instructions, or wishes of business B, or any manager or associate of business B, or any parent of business B, and no manager may submit to any such obligation.
 - (2) A common parent of both business A and business B may place a manager under such an obligation if doing so does not contravene another of the arms length rules.

48. It is intended that the management of TLC will be involved in the management of the Matawai scheme for the following reasons:
- (a) Management from TLC would bring the relevant experience and expertise to the project;
 - (b) They would be able to protect the interests of TLC in a joint venture scenario; and
 - (c) The small scale of the Matawai Scheme does not financially justify the appointment of separate management.
49. On the face of it, the Matawai Scheme would breach rules 7-10 of the Arms Length Rules if it were to proceed. However, section 81 of the EIR Act enables the Commerce Commission to grant TLC with an exemption from the obligation to comply with rules 7-10 of the Arms Length Rules. Section 81 states:
- (1) The Commission may, for the purposes of this Act, in its discretion and upon the terms and conditions (if any) that it thinks fit, by notice in the Gazette, exempt—
 - (a) any business, involvement, or interest, or class of business, involvement, or interest, from the application of this Act; or
 - (b) any person or class of persons from compliance with any provisions of this Act or any regulations made under it.
50. It should be noted that all parties deemed to be involved in both TLC's electricity lines business and TLC's proposed involvement in an electricity supply business would be deemed to be cross involved themselves. This would extend, but is not necessarily limited to, the management of TLC who, it is proposed, will sit on the board of the electricity supply business.
51. However, If the Commission were to grant an exemption for the Matawai Scheme, any such involvements could be disregarded through the operation of s19(1)(h):

Certain businesses and involvements to be disregarded

- (1) For the purposes of this Act, no account is to be taken of a person's business, or involvement or interest in a business, if—
 - ...
 - (h) The business, involvement, or interest is exempted by the Commission under s81...
52. Consequently TLC seeks an exemption from the Commerce Commission in respect of rules 7-10 of the Arms Length Rules in order that it and its staff may proceed with the Matawai Scheme without breaching the EIR Act.

Analysis In Terms of the Commerce Commission's Criteria

53. In considering applications for an exemption under section 81 of the EIR Act, the Commission has stated that it will consider the following three questions. We address each question.

Question 1: Would the Commission, by granting an exemption in respect of a business or involvement or interest, create incentives or opportunities to inhibit competition in the electricity industry?

54. TLC considers the relevant market to be the national electricity wholesale market. The relevant market will be a national market, as opposed to a regional market, because TLC will be competing with suppliers of electricity who may be located anywhere within in New Zealand. TLC does not intend to sell the electricity generated by the Matawai Scheme at retail so the market will be a wholesale market.
55. Should the exemption be granted, TLC considers that opportunities or incentives to inhibit competition would be minimal (whether the relevant market is the national market or the market within Eastland's regional network) for the following reasons:
- (a) The Matawai Scheme is not located on TLC's network, so there would be a low risk of TLC being able to engage in any unfair or anti-competitive conduct through cross ownership of assets;
 - (b) The Matawai Scheme will generate 2 MW of electricity only; which is unlikely to be sufficient to have any material impact on the overall supply of electricity at the wholesale level for electricity (2 MW constitutes approximately 0.025% of the national wholesale electricity market and some individual power stations, such as the Huntly power station, generate up to 1,000 MW);
 - (c) The exemption sought would remove the requirement for separate management only. The other safeguards provided by the EIR Act would remain in place to constrain any potential for alleged anti competitive conduct; and
 - (d) The Matawai Scheme would in fact introduce a new player into the electricity wholesale market, which would have a pro-competitive effect (albeit minor given the size of its output).

Question 2: Would the Commission, by granting an exemption in respect of a business or involvement or interest, create incentives or opportunities to cross-subsidise generation activities from electricity lines businesses?

56. There is minimal risk, if any, of this occurring.
57. The exemption sought would result in the removal of the requirements relating to separate management only. The remaining safeguards imposed by the EIR Act would remain in place to prevent the risk contemplated from occurring.

58. The fact that the Matawai project is not located on the network of TLC, would deprive TLC of the opportunity to engage in any obfuscation or bundling of costs or services that could enable cross subsidisation to occur.
59. The operation of Part 4A of the Commerce Act 1986 and the information disclosure regime that TLC's lines business is subject to would reduce the possibility of it being able to engage in cross-subsidisation as a result of cross-ownership.

Question 3: Would the Commission permit, by granting an exemption in respect of a business or involvement or interest, a relationship between an electricity lines business and an electricity supply business which is not at arms length?

60. The exemption sought would result in the removal of the requirements in relation to separate management only. The remaining safeguards imposed by the EIR Act would remain in place to prevent the risk contemplated from occurring.
61. The fact that the Matawai Scheme is not located on TLC's network would provide an additional level of physical arms length separation which is not required by the EIR Act. The Matawai Scheme being located off TLC's network would more than compensate for an exemption from the requirement for separate management.
62. Consequently, the risk contemplated by the Commission is minimal.

Previous Exemption Decisions

63. In previous decisions in respect of similar renewable schemes, the Commission has granted exemptions from the requirement to comply with Rules 7-10 of the Arms Length Rules.
64. In Decision 591 the Commerce Commission granted such an exemption in respect of Westpower Limited's 6 MW hydro-generation scheme. In this instance the grounds for granting an exemption are stronger because the Matawai Scheme is not located in TLC's network, whereas the Hari Hari Hydro-generation scheme that Westpower obtained an exemption for was located on its network.
65. In Decision 576 the Commerce Commission granted such an exemption in respect of Unison Networks Limited's wind farm in Hawkes Bay.

Draft New Zealand Energy Strategy and Cabinet Paper

66. On 11 December 2006 the Ministry of Economic Development ("**MED**") published its draft New Zealand Energy Strategy entitled *Powering Our Future: Towards a Low Emissions Energy System - Draft New Zealand Energy Strategy to 2050* ("**the NZES**").
67. 3.3.1 of the NZES states, "*Action: Government will relax some of the conditions around investment by lines companies*" the paper then goes on to list a number of potential reforms to the EIR Act. One of the reforms proposed is exempting lines companies investing in generation from almost all of the requirements of the EIR Act (except for accounting separation), where they are investing outside of their networks.

68. The proposal by the NZES builds upon approximately two years consultation by the MED on potential ways of relaxing the EIR Act and a Cabinet Paper published in November 2006 entitled *Electricity Market Review: Investment In Generation By Lines Companies (Paper Three)* ("**the Cabinet Paper**").
69. Paragraphs 38 -42 of the Cabinet Paper states:
- I recommend that all restrictions on investing in generation and in retailing outside of a lines company area be removed. **The reason for this is that, outside their lines region, lines companies do not have the ability to act in an anti-competitive manner, nor do they have privileged information about customers.**
- I also propose to remove the requirement for lines companies to comply with the arm's -length rules when generation owned by a lines company is connected to a different distribution network or the transmission grid.
- There would still be some risk of lines businesses cross-subsidising their investments. However, this risk is substantially reduced by the Commerce Commission monitoring of the price threshold regime and information disclosure requirements set out in Part 4A of the Commerce Act. It is recommended that accounting/financial separation between competitive generation and monopoly lines businesses be retained nonetheless to mitigate cross-subsidy risks.
- Restrictions on cross-owned supply businesses trading in financial hedges and spot energy will also need to be removed to support the relaxations on generations investments and retailing outside a lines company's region.
- A monitoring regime will be needed to ensure cross-owned supply businesses only retail within their lines region the output of any generation owned within that region (that is, connected to local lines). It is recommended that companies be required to provide an audited statement to the Commerce Commission annually confirming that the quantity of the electricity sold over a calendar year to customers connected to their lines does not (on average over the 12 months period) exceed the limit of nominal generation capacity owned by the lines company and connection to its lines.
70. The proposals referred to above provide useful context when considering TLC's application. It is clear from the NZES and the Cabinet Paper that Government's current thinking is that there is room for the provisions of the EIR Act to be relaxed, without there being an unacceptable risk to competition, especially where investment is occurring outside of lines businesses' networks.
71. It appears that part of the rationale for Government taking this approach has been the passing of new legislation to make the activities of electricity lines businesses more accountable and transparent. In particular, the information disclosure regime and the Part 4A thresholds regime would make it much harder for lines companies to cross subsidise or engage in anticompetitive behaviour than was the case in 1998 when the EIR Act was first passed.
72. In light of the proposals referred to above, the exemption sought by TLC (which do not go as far as the proposals in the NZES or the Cabinet Paper) would be appropriate.

Objectives of the EIR ACT

73. The overall purpose of the EIR Act (In section 2(1) of the EIR Act) is to ensure that "costs and prices ...are subject to sustained downward pressure; and the benefits of efficient electricity pricing flow through to all classes of consumer". There is nothing in the structure or nature of the Matawai Scheme that is likely to interfere with this purpose. In fact, in the event that the voltage support provided by the Matawai Scheme defers the need for new lines investment by Eastland, the Matawai Scheme would defer a cost that would otherwise be passed onto consumers.

Further Information

74. If the Commission requires any further information in relation to this application for exemption please contact either Russell McVeagh or TLC. The relevant contact details are listed below.

75. **Russell McVeagh contact details**

Solicitor acting:	Andrew Peterson/Simon Haines
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Email:	Andrew.peterson@russellmcveagh.com/ Simon.haines@russellmcveagh.com
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76. **The Lines Company contact details**

Contact:	Laurence Best
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Postal address:	The Lines Company PO Box 281 Te Kuiti

Russell McVeagh
26 February 2007

DECLARATION

THIS APPLICATION is made by **The Lines Company Limited**

We hereby confirm that:

- (a) all information requested by the Commerce Commission has been supplied;
- (b) all information known to the applicant(s) which is relevant to the consideration of this application has been supplied to the Commerce Commission; and
- (c) all information supplied by the applicant(s) to the Commerce Commission is correct as at the date of this application.

The company undertakes to advise the Commerce Commission immediately of any material change in circumstances relating to the application.

Date: 2007

Signed by:

Director/Chief Executive Officer/Other (specify)

I am a Director/Officer of the company and am duly authorised to make this application.