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Mr Paolo Ryan  
Network Performance Group  
Submission on the Electricity Information Disclosure and Valuation Choice Discussion Papers  
Commerce Commission  
PO Box 2351  
Level 6, 44-52 The Terrace  
WELLINGTON

23 February 2005

Dear Mr Ryan

**Submission on the Electricity Information Disclosure and Valuation Choice Discussion Papers**

We are pleased to enclose our Submission on the Electricity Information Disclosure and Valuation Choice Discussion Papers for large Electricity Lines Businesses.

Top Energy is part of a group of lines companies which have prepared a detailed submission on the above matters, presented by PricewaterhouseCoopers. In addition to the submission of the group, Top Energy makes further submission in relation to the section '*Investment in distributed generation*' [paragraphs 264 -266 in the Information Disclosure discussion paper].

The Commission refers to distributed generation being 'a substitute for network service costs', and on this basis reach the conclusion that it is appropriate to treat the net income from the generation as regulatory income. We believe that you need to clearly define the term 'distributed generation' as you intend to use it in this context, to ensure that it does not inadvertently capture commercial generation plants, which are subject to market competition and which would not be appropriate to be regarded as contributing to regulatory income.

Our specific concern relates to the embedded geothermal generator at Ngawha, an investment made by Top Energy to exploit an advantage possessed by the local community. The offtake from this generator is sold into the competitive commercial market.

Any result where lines businesses are dissuaded from investing in distributed generation because the revenue would become subject to price control would be in direct conflict with the government's often stated goal of encouraging distributed generation.

Yours sincerely  
*Ajay Anand*  
Ajay Anand  
Network manager