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SUBMISSION ON COMMERCE COMMISSION NOT DECLARING CONTROL OF TRANSPOWER'S TRANSMISSION SERVICES

We oppose the Commerce Commission's proposed decision not to declare control of Transpower's transmission services.

Transpower have repeatedly demonstrated that they are unwilling and unable to act in a financially prudent way in the interests of New Zealand electricity consumers. They have a culture of corporate arrogance and a distain for regulators.

Their behaviour has alienated many groups within New Zealand, from the landowners in the Waikato, to the farmers in the South Island, to the Major Electricity Users' Group and many local councils. Even within the industry they act in a high-handed and arrogant way, Chief executive of Meridian, Keith Turner, recently said Transpower had a "cavalier attitude" to shutting pole 1 between the North and South Islands without warning when, originally, it was scheduled to close in 2010.

Some of Transpower's financial dealings are inappropriate in an SOE, for example selling the South Island Grid to an overseas company and leasing it back in a three-step leasing deal, including a lease to its own wholly-owned Cayman Island subsidiary. Also the very mysterious \$732.7m loan it received and the consequent \$532.7 loan Transpower made to unnamed companies. John Key, at the time National Party Finance Spokesman said:

"Transpower's "very aggressive" approach to making money was common knowledge in the finance world. It would consider deals "on the margins" that others might pass over."


Roy Hemmingway, previous chairman of the Electricity Commission said of Transpower that he had never encountered so much hostility towards a regulator.

Transpower flouted the Commerce Commission's rules until the Commission made a decision to take control of their transmission services. Transpower's initial submission to that decision was in keeping with their usual arrogance – reading the submission it says that the Commerce Commission didn't understand the problem, the Commerce Commission's analysis was wrong and that Transpower acted properly at all times. This attitude pervades Transpower's dealings with its customers, regulators and the New Zealand public.

Given this, we have no confidence at all in Transpower being willing or able to voluntarily police themselves. We recommend strongly that the Commerce Commission take control as per their 31st January decision.

If required we are very happy to make an oral presentation on this submission.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Geoff Copstick & Kate Brennan'. The signature is fluid and cursive, with a large initial 'G' and 'K'.

Geoff Copstick & Kate Brennan