

Transpower Post-Breach Inquiry
Network Performance Group
Networks Branch
Commerce Commission
By email to electricity@comcom.govt.nz

Submission on Intention to Control Transpower

Norske Skog Tasman is a direct connect customer of Transpower, drawing approximately 1100 GWh from the national grid each year in order to supply energy to our paper mill at Kawerau. Transpower's recent advice of large price rises as of 1 April 2006 has caused us considerable concern. This level of price rise will erode our international competitiveness. In December 2005 we wrote to Transpower expressing our concern and asking them to answer a number of specific questions. To date we have not received a reply.

We are of course aware that Transpower is planning some very significant investments in the national grid. We were not aware that this would amount to a 19% price rise for us in 2006. We assumed that Transpower would comply with the price threshold regime, and increase its prices by no more than CPI-1%, regardless of how much money it was investing in the grid. We assumed that Transpower would seek to fund investments in a similar manner to most businesses, by borrowing and/or increased investment from shareholders.

We trust the Commerce Commission, as the regulator of lines companies, will ensure that Transpower complies with the regulatory regime to which it is supposed to be subject.

Norske Skog Tasman support the more detailed submission being made by MEUG on the Commission discussion paper. In particular we agree that on the evidence in the Commission report Transpower has breached its thresholds and control is desirable in advance of Transpower's response to the Commission.

We also support a review of the regulatory framework as applied to Transpower in due course.

Yours sincerely

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