



MAJOR ELECTRICITY USERS' GROUP

3 May 2007

Mr Peter Harris
Acting Chair
Electricity Commission

By email to peter.harris@electricitycommission.govt.nz

Dear Peter

Publishing draft 2007 Statement of Opportunities in time for upper NI GUP hearing and preparation of further major GUP requests

1. The first Statement of Opportunities was published in 2005 (the "2005 SOO"). The 2005 SOO is a defined term titled the "Initial Statement of Opportunities" in the Electricity Governance Rules. This distinction between the Initial SOO and subsequent bi-annual SOO the Commission is required to prepare is important because it recognised the Initial SOO was based on a less than comprehensive analysis and was to act temporarily until the next more complete SOO. The introductory comments in the Initial SOO stress it was prepared under a compressed timeframe.
2. Having as up-to-date information as possible in the SOO is important for decision making by the industry, Transpower and the Commission. Finalisation of the 2007 SOO to replace the Initial SOO should therefore be a very high priority.
3. The Statement of Intent 2006-2009 published by the Commission set a target date of 31 March 2007 for release of a draft 2007 SOO. Publication of the draft 2007 SOO has been delayed for unknown reasons.
4. The Major Electricity Users' Group (MEUG) is concerned that a draft of the 2007 SOO may not be available in time for parties to adequately consider when making submissions to the Commission on the proposed approval of the 400 kV upper North Island Grid Upgrade Plan (the "upper NI GUP").
5. The 2007 SOO is also essential for Transpower in preparing major new GUP proposals for the Auckland Isthmus through to North Auckland, Waitaki to Christchurch and a new inter-island HVDC link.
6. There are billions of dollars of investment in both transmission and generation at stake in these GUP proposals. The more recent the information made available to the public, the greater likelihood of quality decisions by the market, regulated entities and regulators themselves. Finalisation of the 2007 SOO so that the most up-to-date information possible is taken into account is therefore essential.

7. It is possible that the 2007 SOO will, for example, demonstrate that there is no need for urgency in making a decision on the upper North Island GUP. It would be a very poor outcome if the Commission on the basis of the Initial SOO made a decision that within a few weeks would prove to be incorrect if analysed using information from the 2007 SOO.
8. MEUG request an assurance from the Commission that the draft 2007 SOO and all detailed working papers will be published in sufficient time for parties to consider as part of making submissions at the public hearing on the upper North Island GUP scheduled for the 4th week of May.
9. A copy of this request has been forwarded to Transpower, suppliers and other interested parties for their information. This letter will be published on the MEUG web site.

Yours sincerely



Ralph Matthes
Executive Director

cc Transpower
Supplier regulatory managers
Electricity Networks Association
Ministry of Economic Development