

Submission from:

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I oppose the granting of a CPP to Powerco. The DPP should continue because there are no special circumstances.

One reason for the application is so that Powerco can expand its territory, however the Commerce Commission has no obligation to help to finance this and should not do so.

The other reason given, is that the company, while producing healthy profits and large dividends for many years, has suddenly discovered that it has, over those many years, been neglecting to adequately fund the renewals of its equipment. As with Aurora Energy, Powerco has had the choice of pleasing its shareholders or sustainably funding equipment renewals.

These decisions to divert cash from renewals to dividends may have been made on assumption that you would grant their application for a CPP. If you grant this application other companies will become aware of your feckless decision-making and assume that they can behave in same way as Powerco and Aurora by neglecting their renewals as a way of bypassing the DPP. Any company that pays a dividend should not complain that they can't afford to pay for their renewals capex and they certainly should not expect the Commerce Commission to ensure that they can continue to pay a healthy dividend.

This application from Powerco and the one expected from Aurora are symptoms of the failure of the Commerce Commission to properly monitor the adequacy of renewals capex. You should have been aware of these growing problems over a long period. You need to get this fixed.

regards  
TW