



Sustainable Energy Forum

Phone 04 586 2003
Fax 04 586 2004
info@sef.org.nz
<http://www.sef.org.nz>

PO Box 11-152
Wellington
New Zealand

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Mr Bill Naik
Commerce Commission
P O Box 2351
Wellington

Dear Mr Naik

Electricity Governance - Change of Rules to Meet Conditions

The Executive of the Sustainable Energy Forum considers that the Commission's proposed conditions will do little to overcome the ability of suppliers of large-scale power generation and transmission to compete unfairly with sustainable energy options. We therefore make no detailed comment on the proposed changes to meet your conditions for inclusion in the Rulebook.

The continuing exercise of market power is evident with the return of high spot prices this month. Only effective competition from the demand side and from small-scale renewable energy will mitigate that market power. Self-regulated industries have no incentive to accept such competition.

You are probably aware that SEF was denied voting rights in the coming referendum on the Rulebook. Assignment of voting rights was based on past, not potential, market share - quite opposite to the stance taken by the Commission and the applicant both, that dynamic efficiency is the highest priority.

We await the outcome of the referendum with interest. We look forward to future involvement in developing an acceptable electricity market governance system that will provide us with mechanisms for a sustainable energy future.

Regards

Ian Shearer
For Sustainable Energy Forum