

22 May 2002

Hon. David Caygill  
Chairman  
Electricity Governance Establishment Committee  
c/- PO Box 5422  
**WELLINGTON**

Dear David

A common issue exists, which we believe is serious and will prevent Meridian Energy, Comalco and Transpower from joining the proposed new arrangements.

In essence this problem relates to the interface between our existing long term arrangements at Tiwai Point, as well as the ability for future investors to gain certainty on long term commercial positions with regards electricity supply.

Investors may choose not to invest in New Zealand because of concerns that, under the rulebook, other parties' commercial interests may result in decisions being made around shared services that run counter to the long term commercial interests of the investors. Our concern is that as commercial enterprises we will not subordinate commercial interests in this way. It is likely that other investors will share this concern and may choose to locate overseas.

Turning to our existing arrangements we all have concerns that the rulebook as it stands may, at a minimum, automatically amend our contracts. These contracts are longstanding and have many years to run. The potential for future changes to the rules, which are outside our control, are not subject to a net national benefit test, and have significant adverse impact on our existing bilateral arrangements, is clearly unacceptable.

These concerns will need to be addressed in such a way as to satisfy all three parties, otherwise it is inevitable that there will not be sufficient commitment to enable the arrangements to go ahead.

These issues need to be addressed as a matter of urgency.

Yours sincerely

**Kerry Macdonald**  
**Executive Director**  
**Comalco New Zealand**

**Peter Robertson**  
**Acting Chief Executive**  
**Transpower New Zealand**

**Keith Turner**  
**Chief Executive**  
**Meridian Energy**

cc: Hon. Pete Hodgson, Minister of Energy  
John Belgrave, Commerce Commission