



MAJOR ELECTRICITY USERS' GROUP

12 February 2009

Mr Len Gould
Customer Services Manager
Transpower New Zealand Limited

By email to len.gould@transpower.co.nz

Dear Len

Comments on draft New Investment Contract

1. Thank you for the opportunity to comment on the draft New Investment Contract circulated 15th December 2008 and for granting an extension of time for submissions.
2. Improving the contractual relationship between Transpower and its customers is a top priority for MEUG because we think developing commercial incentives will better discover the trade-offs consumers are prepared to make and improve services provided by Transpower compared to regulation. The proposed New Investment Contract is the first opportunity since the introduction of the Benchmark Agreement in April 2008 to further develop a better commercial relationship.
3. The overall intention of Transpower to give its consumers different options for managing risk for new investments is welcome. We view the draft of 15th December as a useful first step in a discussion towards negotiating a reasonable balance of risks and incentives. There are a number of issues that we would like to discuss with you. MEUG commissioned Strata Energy Consulting (Strata) to review and comment on the draft. A copy of the Strata report is attached. We would welcome an opportunity to discuss the detailed comments in the Strata report.
4. This letter and the advice of Strata are not confidential. We will be copying this material to other interested parties.

Yours sincerely

Ralph Matthes
Executive Director