



**Submission to the Electricity Commission
("EC") on the report updating the
disclosure of risk management contract
information proposal: February 2008**

From

**Contact Energy Limited
("Contact")**

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Introduction

Contact welcomes the opportunity to provide feedback on the EC's update report. Contact's specific comments follow over the page.

For any questions related to this submission, please contact:

Jan de Bruin

Senior Regulatory Affairs Analyst

Contact Energy Limited

L 1 Harbour City Tower

29 Brandon Street

PO Box 10742

Wellington

Email: jan.debruin@contact-energy.co.nz

Phone: (04) 462 1143

Fax: (04) 499 4003

General Comments

Calculation of contract price (CP)

Contact assumes the intent of this formula is to put FPVV and CFD prices on the same footing. This is achieved by multiplying the price specified in an FPVV contract by 93.7% to back-out the effect of losses. This assumes that the price specified in the FPVV contract is loss-inclusive in the first instance. Contact's FPVV contracts currently pass losses through as a separate charge; hence the price specified in the contract is not loss-adjusted. Applying a 93.7% LAF would under-report the contract price (CP) and make comparisons unreliable. We suggest that a solution to this would be to state that the intent of the calculation is to calculate a loss-exclusive price and let participants apply the FPVV LAF as required.