



**Submission to Electricity Commission on
its Proposed Request for Appropriations
for the 2007/08 Financial Year**

From

Contact Energy

19 January 2007

Contact welcomes this opportunity to comment on the Electricity Commission's *Proposed request for appropriations for the 2007/08 financial year*.

Contact considers the process for the 2007/2008 financial year was improved via the "Big Picture" consultation of September 2006. In that respect we reiterate that Contact considers that transmission investment decision-making is the highest priority and we are comforted that this is the largest budgeted expenditure. We would encourage you to consult early and often on the more vexed issues such as the HVDC upgrade proposal (We note that the "Transmission – proposed tier one project activities" does not mention consultation).

Contact has also previously been critical of the lack of detail in the appropriations request and therefore welcomes the greater level of work-stream detail provided by the Commission in the consultation document.

Contact considers that some of the comments it made about the appropriation for the Commission's electricity efficiency function apply in respect of this consultation. Our view is that it would improve communication, debate and understanding if key assumptions about the value of specific pieces of work were made clearer.

A system that allows industry participants to better understand and test the funding assumptions being put forward by the Commission would mitigate the real risks that the cost of regulating the industry ultimately exceeded the cost of any market failure regulation was initially designed to address.