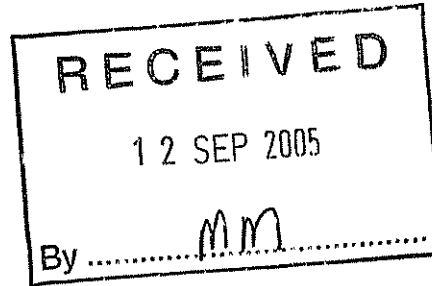


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Our Ref: DGL/dw

9 September 2005

Jenny Walton  
Electricity Commission  
P O Box 10041  
WELLINGTON



Dear Jenny

**EXTENDED WATER HEATING CUTS**

Thankyou for the opportunity to be able to make a submission on this issue.

The following comments are made:

**Q1:** *Do you agree with the conclusions reached in the Concept technical analysis included in appendix 1 of this paper?*

Agree and an implication of control is that customers will move away from controlled arrangement thereby reducing the benefits that are currently achieved.

**Q2:** *Do you agree that the potential savings from extended water heating cuts may be significantly reduced by these factors?*

Agree. Customers want choice and if they get poor service they will opt for tariff options that will reduce the benefit currently achieved.

**Q3:** *Do you agree that extended water heating cuts may have an adverse impact on the reserves market and/or AUFLS, and that this could reduce security of supply?*

Agree.

**Q4:** *Do you agree that mandatory water heating cuts may dilute the incentives for residential consumers to achieve voluntary energy savings?*

Agree. Customer want cold beer and warm showers. They do not want to be exposed to risks that will reduce their service.

**Q5:** *Do you consider that the Commission should be concerned about the uneven impact of water heating cuts across households?*

Yes as it will drive customers to alternative energy sources.

**Q6:** *Do you agree that there are potential safety issues with water heating cuts? Are there other safety issues that should be noted?*

Yes. Warm cylinders may create environment for legionella to develop.

**Q7:** *Do you agree that the long-term impact of water heating cuts on the availability of controlled water heating load is an important consideration in examining the appropriateness of mandatory water heating cuts?*

Yes for all the reasons stated earlier. Water heating tariffs work because if the technology is right the customer will not feel any impact of control. This has to continue.

**Q8:** *Do you agree with the conclusion that, despite the limited potential and the acknowledged downsides of using water heating cuts as an emergency measure, they may have value as a last resort measure in extreme circumstances?*

No. Too small to make any great impact in consideration of the poor service offered.

**Q9:** *Do you agree that, before water heating cuts are used as an emergency measure, the Commission should be convinced, at the time, that the use of water heating cuts will have a material affect on the potential to avoid rolling blackouts?*

Yes, but consideration needs to be given to the fact that a specific customer group is required to carry the burden and in the long term this may lead to customers moving away from this tariff option.

**Q10:** *Do you agree with the Commission's overall conclusions?*

Yes.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Dene Biddlecombe', with a long, sweeping flourish extending to the right.

Dene Biddlecombe  
CHIEF EXECUTIVE