



FletcherBuilding

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Electricity Authority
PO Box 10041
Wellington 6143

Att: Carl Hansen, Chief Executive

Dear Carl,

**Consultation Paper – Draft decision regarding alleged UTS
on 26th March 2011**

Further to our letter of 6th April, this follow up is offered in lieu of a formal submission.

We fully support and agree with the Authority's draft decision that the situation existing on 26th March 2011 constitutes a UTS, and that the proposed remedial actions the Authority intends to take are absolutely necessary to maintain market credibility.

The mechanism for, and level of, price resetting is an area of specialist technicality that best resides with the Authority. However we consider the suggested \$1500 - \$3000 range to be extremely high, given prices both sides of the UTS period and also the spot price levels experienced in subsequent maintenance periods. We therefore hope that the reset prices would be at the low end of the suggested range.

The event of 26th March 2011 has forced a significant refocus on market tracking and review of levels of cover for our business units. Therefore we hope that the EA review of the situation will deliver industry mechanisms that prevent any repeat of this level of price shock. We would encourage improved early warning systems that are designed to protect the grid and market.

Yours faithfully



Mark Binns
Chief Executive
Infrastructure Division
Fletcher Building Limited