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Trust notes ongoing impact of regulation on investment

The Auckland Energy Consumer Trust has advised beneficiaries that the regulatory environment in which Vector operates has a significant impact on the Trust's investment in the company. The Trust owns 75.1% of infrastructure company Vector.

In his address to beneficiaries at the Trust's 2007 Annual Meeting, Trust Chairman, Warren Kyd noted that the Commerce Commission's recent draft decision on control arrangements for Vector's gas networks had an immediate effect of reducing Vector shareholder value by around \$100 million.

Mr Kyd added that the Trust supports the proposed Government review of the framework for regulating infrastructure businesses, in particular the proposal to introduce a merits review process.

"Merits review is an established practice in some countries and we believe its application to the regulatory control provisions of the Commerce Act 1986 would expand the grounds for challenging regulatory decisions and allow for closer scrutiny of the regulator's processes," he said.

Mr Kyd said the Trust would continue to pay close attention to regulatory matters and make submissions where appropriate.

"As the company's major shareholder we have every reason to be concerned when regulatory matters arise and we therefore do become deeply involved in making submissions to ensure a fair outcome on regulatory issues that affect our investment in Vector," Mr Kyd told the meeting.

"We are pleased that the Commerce Commission has accepted in principle the administrative settlement proposed for the electricity network pricing and we look forward to the final resolution on this matter," he said.

A full copy of the Chairman's 2007 report is available at www.aect.co.nz