

26 February 2010

The Finance and Expenditure Committee
Parliament Buildings
Wellington

Submitted on line

**ORION NEW ZEALAND LIMITED SUBMISSION ON THE ELECTRICITY INDUSTRY
BILL**

- 1 Orion New Zealand Limited (**Orion**) welcomes the opportunity to comment on the Electricity Industry Bill (the **bill**).
- 2 Orion wishes to appear before the Committee to speak to this submission and to answer any questions the Committee might have. Orion would like the following people to appear before the Committee:
 - 2.1 Roger Sutton, Chief Executive Officer
 - 2.2 Rob Jamieson, General Manager Commercial
- 3 Orion's contact person for this submission is:

Rob Jamieson
218 Manchester Street
Christchurch

Telephone: +64 3 363 9793

Email address: rob.jamieson@oriongroup.co.nz

About Orion

- 4 Orion is an electricity operator for the purpose of the Electricity Act 1992. We are the electricity network provider for Christchurch and central Canterbury. Our network includes more than 14,000 kilometres of overhead lines and underground cables which deliver electricity to more than 190,000 homes and businesses. Orion's shareholders are the Christchurch City and Selwyn District councils.

Summary of Orion's views and proposed changes to the bill

- 5 The following table summarises Orion's views on the bill and associated reforms, and our proposals for changes to the bill.

Clause or issue	Orion's comments or proposals
Overall comment	Orion supports many of the objectives of the bill. However, there are some aspects of the bill with which we strongly disagree, and others where the impact of the bill on the perceived problems is at best uncertain. In particular the likelihood of the bill resulting in increased competition outside the main centres is doubtful.
Clause 45 (2) (e)	Orion recommends that this clause – which relates to the addition to the Code of requirements to standardise distribution pricing structures – be removed from the bill. See paragraphs 11 to 33 of our submission.
Clause 45 generally	Orion believes that consideration should be given to removing clause 45 – which relates to the addition of a number of new matters to the Code – be deleted in its entirety. We also suggest some functions be transferred to the Commerce Commission (where relevant) to avoid regulatory overlap See paragraphs 34 and 35 of our submission.
Clause 80	Orion recommends that this clause – which prohibits distributor related retailers from purchasing customers from existing retailers – be removed from the bill. See paragraphs 37 to 40 of our submission.
Clauses 74 and 78	Orion recommends that these clauses – which relate to the thresholds above which Part 3 applies to distributor involvement in generation and retailing – be amended to increase the thresholds.

Asset swaps, virtual swaps and the hedge market (clause 124)	Orion believes that the physical asset swaps are unnecessary and that, while the virtual swaps may lead to significant customer churn between SOE retailers, this will not necessarily improve competition outside the main centres, and may discourage entry and competitive activity by non-SOEs. We believe the swaps should be abandoned. See paragraphs 45 to 57 of our submission.
The Electricity Authority (clauses 14 – 21)	Orion supports the establishment of the Electricity Authority. We have a minor suggestion regarding the levy arrangements. See paragraphs 58 and 59 of our submission.

The problems that the bill is trying to address

6 The Electricity Technical Advisory Group's (ETAG) report to the Ministerial Review of Electricity Market Performance, which underpins many of the proposed changes, identified the key problems with the electricity market as being:

- *The rate at which retail prices have risen, especially for residential consumers, appears excessive when compared to the increase in the cost of new supply*
- *The way in which dry years are managed can be substantially improved*
- *The reliability and capacity of the transmission system can be improved.*¹

The report went on to identify the main causes of these problems as being:

- *Insufficient competition in the retail market, especially outside the main centres, combined with scope on occasion for the exercise of market power in the wholesale market.*
- *In dry years, there are incentives for some market participants to seek to shift increased costs to consumers through public conservation campaigns, rather than manage the risks themselves.*
- *There is a backlog of investment in the transmission system, which will take some years to clear.*²

7 We note that ETAG made no recommendations with respect to the electricity distribution sector, noting the Commerce Commission's price

¹ Improving Electricity Market Performance: A preliminary report to the Ministerial Review of Electricity Market Performance by the Electricity Technical Advisory Group, August 2009, Volume 1, p5.

² Ibid., Volume 1, p6.

control regime, and also concluding that this had not compromised reliability of supply.³

The bill

8 The bill seeks to enable some of the most significant changes to the electricity industry since the late 1990s. Orion agrees with the objectives of the bill as outlined in the conclusion to the explanatory note: *“to improve competition, efficiency, and reliability of supply in the sector, for the long term benefit of consumers of New Zealand.”*

9 However the bill and associated changes touch on a wide range of areas at the same time, and the changes therefore merit very careful consideration by the Committee.

10 We have limited our submission to five specific areas:

10.1 standardisation of distribution pricing structures and use of system rules;

10.2 other matters to be added to the Code

10.3 participation by distributors in electricity generation and retailing;

10.4 generation asset swaps, virtual swaps and the hedge market; and

10.5 the Electricity Authority.

Standardisation of distribution pricing structures and use of system rules

11 Clause 45 of the bill proposes that a number of “specific new matters” be added to the Electricity Industry Participation Code (the Code) within one year of it coming into effect. The new matters include *“requirements for distributors to use more standardised line distribution tariff structures and use of system rules”* (clause 45 (2) (e)).

12 Orion submits that clause 45 (2) (e) of the bill should be deleted.

³ Ibid., Volume 1, pp 36 and 37.

- 13 Before developing our reasons in detail we note that, in 2008, Parliament amended the Commerce Act, introducing a new purpose statement in Part 4. The purpose statement sets out an objective that *“suppliers of regulated goods or services...have incentives to innovate and to invest...”* (section 52A (1)). It is difficult to reconcile the standardisation envisaged in the bill, with the innovation envisaged by the Commerce Act. We believe that the Commerce Act has its sights set higher.
- 14 Orion considers itself an innovator in distribution pricing. For around 20 years we have maintained major customer pricing which allows the largest customers to reduce costs by managing load at peak times. For the last 10 years a similar structure has applied to most other connections on our network. This pricing structure maintains the strong pricing signals that had existed before the reforms of the late 1990s, and these continue to be reflected in retailers’ pricing. It also underpins retailer innovation, for example Powershop’s weekend rebates which leverage smart metering functionality. We have also introduced an arrangement with irrigation customers that allows us to interrupt their load in emergencies, thereby avoiding the need to build a bigger network.
- 15 An example of a customer responding to our major customer pricing is a large Christchurch hotel which uses a combination of demand response (switching off some electrical equipment), switching from electricity to gas for heating, and on-site generation to reduce its annual delivery costs by around \$32,000. This is not just good for our network, but for the customer’s business. Standardisation places the savings, and the investment the customer’ has made to achieve them, at risk.
- 16 Orion’s pricing improves network utilisation, supports efficient and timely investment and encourages retailer innovation. Standardisation threatens this, and in so doing may well make the community worse off, be it through inefficient investment, higher prices, less choice or all of these.
- 17 The remainder of our submission on this point distinguishes between “distribution pricing structures” and “use of system rules”, and discusses each in turn.

- Distribution pricing structures

- 18 The inclusion of the clause appears to relate to the ETAG report recommendation 21:

“Develop more standardised tariff structures and business rules for use-of system agreements for lines businesses to facilitate access by retailers.”⁴

That recommendation followed these paragraphs:

“153. The diversity of line tariff structures and business rules creates a cost barrier for retailers making offerings in a wide range of smaller regions. Incumbent retailer margins appear to be higher on many of the smaller networks, providing support for this claim.

154. The Electricity Commission is currently consulting on model pricing structures and rules. This work is important and should be progressed as swiftly as possible.”⁵

- 19 Neither the ETAG report nor the Cabinet paper underpinning the bill provide any evidence that the diversity of distributor pricing structures is a significant barrier to retailer expansion or entry in New Zealand. ETAG’s supporting analysis, in a section on relatively high electricity retailer operating costs in New Zealand, states that:

*“It is **possible** that the wide diversity of network business rules and tariff structures contribute to this.”⁶ [Emphasis added.]*

but otherwise provides no supporting argument for the assertion in paragraph 153 of its report.

- 20 The Cabinet paper underpinning the changes noted some claims from retailers about “significant costs” arising from the “multiplicity of line tariffs”, but without any substantiation or quantification.⁷ We believe this partly reflects a lack of understanding that:

20.1 even if pricing *structures* were standardised, this would not mean that actual prices would be the same in all areas; and

20.2 while there are 29 distributors, there are not in fact 29 different types of distribution pricing structure. Based on a very quick review of distributor pricing, we estimate that, in relation to the residential customer group that is the focus of the reforms – residential customers – there are probably only about six distinct pricing

⁴ Ibid., Volume 1, p56.

⁵ Ibid.

⁶ Ibid., Volume 2, p110.

⁷ Ministerial Review of the Electricity Market, a paper to the Cabinet Economic Growth and Infrastructure Committee, p18, para 60.

structures across all the areas, and possibly fewer across the “smaller” network areas that are the focus of the concern. However the exact number is not as important as the observation that this analysis does not seem to have been done by ETAG or officials.

- 21 Orion *has* attempted an **upper bound** estimate of the costs incurred by a retailer in dealing with multiple distributor pricing arrangements. We think that, assuming the retailer wishes to trade in all areas, this could require at most one additional full-time equivalent employee. Assuming that the retailer had 20,000 customers (probably quite a small number for a national retailer) then the additional cost would at most be around \$5 per customer per year. It would be less than 50 cents per customer per year for most existing national retailers. We do not think this cost supports a dramatic regulatory response. We also believe this modest cost needs to be set against the potential adverse efficiency implications of standardisation.
- 22 The Electricity Commission (EC) has run a lengthy and robust consultation process on distribution pricing over a number of years. Orion and many other industry players, including retailers and consumer representatives, have participated extensively in this process. The EC has held at least two well attended workshops.
- 23 The EC process reached the conclusion that a principles-based approach, which avoids prescriptive methodologies and price structures, is the best way forward.⁸ We are very disappointed that the bill has at best ignored this work – and at worst contradicted it – by instead calling for the addition to the Code of a “requirement” for standardisation, with very little detail on what this might involve. What is even more concerning is that the bill threatens to overturn the EC work based on no serious analysis. This is poor public policy, and it does not even pass the bill’s proposed test of amendments to the Code, see clause 42 (2).
- 24 Reflecting on a key issue identified by ETAG – that there is “[i]nsufficient competition in the retail market, **especially outside the main centres...**” [Emphasis added] – we do not believe sufficient attention has been paid to the second part of this sentence. Clearly the changes proposed as a result of the review need to be assessed as to the likelihood of them solving this problem.

⁸ And the Commerce Commission has endorsed a principles based approach in its recent Emerging Views paper.

- 25 Aside from the observation that competition in many other goods and services is, for fairly obvious reasons, greater in the main centres than in lesser populated areas, Orion considers that market size, not the variety of distributor pricing arrangements, best explains why competition is less outside the main centres.
- 26 In our view a retailer choosing to expand (or enter) the electricity market is much more likely to do so where there is a sizeable market to start with. To give a specific example, Mercury Energy, the retail arm of Mighty River Power, has run a very successful acquisition campaign in the Orion network area over the past year, and it has increased its market share from nearly zero to around 7%, or around 13,000 customers. Had it had the same percentage success in the Buller network area it would have acquired only around 300 customers. Mercury's focus on Orion is entirely understandable.
- 27 Orion is also concerned about the overlap between the proposed standardisation, and the Commerce Commission's responsibilities under the Commerce Act. The Commerce Commission must develop input methodologies, including one relating to pricing methodologies, as part of its regulation of distributors.
- 28 There has always been potential conflict between the responsibilities of the Commerce Commission and the Electricity Commission in this area, but this potential has become much less likely with the EC adopting a principles-based approach, to which the Commerce Commission can readily refer in its work on price-quality regulation and other Part 4 instruments. Unfortunately a principles-based approach is not what is currently proposed. The bill requirements if enacted could effectively require the Commerce Commission to apply a prescriptive methodology, which may not be consistent with other aspects of the regulatory regime. For example a distributor might incur significant costs in complying with the standard, which it potentially would be unable to recover under its price path. Or in standardising its pricing, a distributor might have to make changes that lead to significant price shocks for some groups of consumers.⁹
- 29 Acknowledging this potential conflict, Orion submits that it would make more sense in the overall regulatory context for the Commerce Commission to have responsibility for distributor pricing methodologies,

⁹ Which is actually a known consequence of the UK standardisation cited in the Cabinet paper (para 60, p 18). In addition price shocks might lead to distributors falling foul of the existing regulations regarding charges for line function services, carried over into the bill via clauses 111 to 115.

and for the EC, or other agency, to refer to that, rather than vice versa. We note that, as part of the reallocation of functions of the EC, the reforms allocate approval of transmission investment proposals to the Commerce Commission, at least in part to avoid duplication of regulation. We submit this precedent should also be applied to pricing methodologies. This would require changes to Part 5, Subpart 4 of the bill.

- Use of system rules

- 30 The second part of clause 45 (2) (e) relates to use of system rules.
- 31 As the ETAG report cited above demonstrates, the clause in the bill somewhat restates the concern: “network business rules” has become “use of system rules”. We think ETAG was contemplating distributors’ business rules and processes, not their use of system agreements. These agreements do not, normally, specify in any detail the processes that the retailers will need to follow, or that the distributor will follow, in applying prices to produce invoices, and we believe it is the latter that ETAG was actually getting at.
- 32 Once again there is no analysis of the extent to which distributor processes vary, or what the cost impact of this might be, and so in our view there is no compelling case to enact this part of clause 45 (2). At the very least it needs to be amended to reflect the original intent.
- 33 Finally we note that, even if the bill is enacted, the Electricity Authority (Authority) will still need to follow a consultative process (see clause 42) if it seeks to change the Code, and the Minister will need to consult the Authority if he invokes his powers under clause 46. The outcome of a due consultative process on this subject is already known, since the EC has already carried it out. Clause 45 (2) (e) would therefore appear to be a regulatory ‘groundhog day’.

Other matters to be added to the Code

- 34 Consistent with our arguments regarding clause 45 (2) (e), we believe it would be better if the other matters in clause 45 (2) were also removed from the bill.
- 35 These other matters affect Orion less directly than does distribution pricing, but like distribution pricing they are all matters where a due consultation process has already occurred or is currently occurring. That consultation may or may not lead to changes to the rules, or depending on

timing, to the Code. But there is no obvious need to prejudge these outcomes, which is what clause 45 does.

Participation by distributors in electricity generation and retailing

36 Orion is generally supportive of the changes in the bill regarding distributor participation in generation and retailing, with appropriate checks and balances. We think the bill strikes a reasonable balance between enhancing retail competition and limiting misuse of market power by distributor related retailers. However we recommend changes in two areas.

- Clause 80 should be deleted

37 We propose the deletion of clause 80 in its entirety (and clause 74 (2) (d) as a consequence). Clause 80 seeks to prohibit a distributor associated retailer from purchasing some or all of the customers of another retailer.

38 While we understand the rationale for this clause we do not believe it is necessary, and it may discourage efficient entry. The restriction ignores commercial realities such as:

38.1 a distributor wishing to enter retailing is thus prohibited from one way of gaining scale rapidly, which of itself may be sufficient to discourage entry;

38.2 where a failing retailer wishes to exit a market and a distributor wishes to acquire that firm's assets and customers, such a transaction is prohibited;

38.3 in areas too small to support more than one retailer but where there are synergies and scale efficiencies to be had from vertical integration (i.e. the region is a logical candidate for a distributor to enter a market) this is prohibited by the bill.

39 In all of these scenarios, on any conventional economic analysis customers will be better off if the new entrant distributor *is* permitted to purchase the customers (and indeed we see these three scenarios as fairly "typical" situations in which a distributor may wish to enter the retail sector), yet in each case the bill prohibits the purchase.

40 Nor in our view is the exemption power in the bill sufficient to cure the above difficulties of clause 80. Requiring all potential purchases of the

type described above to be vetted by the Authority will increase transaction costs, and reduce the likelihood of such purchases occurring. We also note that, in the absence of clause 80, such acquisitions would be subject to the ordinary provisions of the Commerce Act regarding the competition effects of mergers (section 47), and the Commerce Commission would be required to intervene if it believed the transaction would reduce competition.

- Clauses 74 and 78 should be amended

- 41 Clauses 74 and 78 deal with the thresholds above which distributors' involvement in electricity generation and retailing are governed by Part 3 of the bill. The general thrust of this part is that such involvement should be more acceptable than it is currently is, and in our view the thresholds in these clauses are too low and should be increased accordingly.¹⁰
- 42 The thresholds in the bill are 10MW for involvement in generation, and 5 GWh per year for involvement in retailing. Orion suggests raising the thresholds to 50 MW and 20 GWh per year respectively. These values would replace those in clauses 74 (2) (b) and 78 (3).
- 43 Orion has a specific interest in the use of diesel generation as a short to medium term substitute for network investment, and has consents to install up to 30 MW of such capacity. This generation capacity would also quite possibly be available to support wholesale market capacity or energy shortages but that is not its primary purpose. The current thresholds in the bill requiring corporate separation and the application of arm's length rules would effectively require Orion to treat and manage these assets as a separate business unit when they are in fact core distribution assets. As such the bill as it stands threatens efficient investment outcomes. We think a threshold of 50MW of generation is therefore appropriate.
- 44 Since Orion has stated that it has no intention of entering electricity retailing, we have less basis for our proposed increase in the retail threshold to 20GWh per year. However we note that this only equates to around 2,000 to 3,000 residential customers, which in our view is unlikely to cause issues for existing retailers in most network areas.

¹⁰ The existing provisions have also tended to support the creation of a large, and increasing, number of 'embedded' networks (networks which connect to an upstream distribution network, often office buildings or shopping malls), which can create issues for the upstream distributors, retailers and the reconciliation process.

Generation asset swaps, virtual swaps and the hedge market

- 45 While the bill itself, in clauses 123 to 125, is only concerned with giving Ministers the power to direct the SOEs with respect to the swaps, we believe that the Committee should consider the broader changes in this area, and not solely provisions in the bill.
- 46 In Orion's view the changes proposed in the reform package with respect to asset swaps, virtual swaps and the hedge market are both confusing and contradictory, and there is significant risk that they will not solve the 'problem' of perceived lack of competition "outside the main centres". In addition they introduce considerable uncertainty both for existing players, and potential entrants. In an industry where one of the key concerns is the level of investment in *new* generation capacity, we could see an enormous amount of distraction as the market deals with the implications of a virtual shuffling of *existing* capacity.
- 47 In short, we believe that:
- 47.1 the physical asset swaps are not necessary *in addition to* the virtual swaps;
 - 47.2 the specific physical asset swaps are undesirable in any case;
 - 47.3 the virtual swaps have some undesirable features and potentially conflict with hedge market liquidity;
 - 47.4 the hedge market changes raise some difficult questions about who the counterparties will be;
 - 47.5 taken as a whole, the changes are a very dramatic and long term intervention in the risk positions of (particularly the SOE) generator / retailers; and
 - 47.6 none of the changes necessarily address the problem of lack of retail competition "outside the main centres".

- Asset swaps

- 48 The Cabinet paper¹¹ discusses the asset swaps in some detail. We think its analysis of benefits is light, and we therefore struggle to see how those benefits will offset the assessed NPV of costs, wherever in the range of \$3

¹¹ Op. cit., pp 7 - 15.

million to \$30 million they end up. We note that the review team was not unanimous in its support for the swaps. Against such an uncertain policy background, Orion submits interventions in the generation market should only occur where the benefits are clear – and that is not the case for physical or “virtual” asset swaps.

49 The specific physical asset swaps are undesirable because:

49.1 with respect to Tekapo A and B, Orion notes that both the Cabinet paper and a number of industry experts have noted possible adverse impacts on the physical management of the Waitaki system. It would seem that the best we can hope for is that the system will be managed as well as it currently is, but at considerably greater cost; and

49.2 with respect to Whirinaki, it is not obvious why, other than the fact that it has roughly the same capacity as Tekapo A and B (although historically much less actual output), that this is being transferred to Meridian. Aside from the potential damage to Meridian’s renewables positioning, there may be a more suitable potential owner?

50 Of the benefits stated in the Cabinet paper, only two – “...diversity of views on the value of hydro storage...” and “...permanence and dynamic effects...”¹²– seem to require physical transfers of assets. Neither of these is quantified, and the latter seems to be a real stretch, particularly given the proposed long duration of the virtual swaps.

– Virtual swaps

51 There is no doubt that the proposed swaps would cause a significant shift in the SOE generator / retailer risk positions as a result of which the SOEs will probably need to rebalance their retail books. As we note below this does not necessarily benefit the relevant consumers, and in our view the virtual swaps also:

51.1 have a very long duration – fifteen years is proposed. This is far in excess of any existing retail contracts, and we foresee significant difficulties in the parties pricing the swaps;

51.2 arguably lock out other (non-SOE) market participants and potential entrants from access to a risk management tool;

¹² Ibid., p 13.

51.3 to some extent conflict with other workstreams, including that described in clause 45 (2) (c) to enable participants to manage locational price risk; and

51.4 by creating a significant volume of long term contractual positions outside the hedge market, are likely to reduce liquidity within it.

– Hedge market

52 Orion fully supports the objective of a more liquid hedge market. Technical improvements to market design and process can no doubt be made, and we support these. We note that Energy Hedge is proposing such changes in any case, and the Australian Stock Exchange already hosts some New Zealand referenced contracts within its standard operational framework for futures contracts. But liquidity ultimately depends on a reasonable number of parties transacting frequently. That might happen, but it is unclear that it can be regulated to happen.

53 One feature of the proposed hedge market which we are unclear on is the implied measure of “satisfactory market depth” of 3000GWh of “unmatched open interest”. This might mean that the participants *in aggregate* do not hold an “offsetting contract” - in which case we cannot see how it can be achieved as by definition all bought contracts are sold by another participant. Or it might mean that the market is to achieve a net *sold* position for the existing large generators of this amount – in which case there will need to be participants who are not currently large generators who will have a net bought position.

54 The latter meaning looks to be a better outcome in terms of supporting new retail entrants. However it also assumes that net buyers for that volume can be found, which further implies that such a buyers have established corresponding retail positions. There is an even further implication that the existing retailers will need to *reduce* their overall retail positions by similar amounts, which would impact on the calculated degree of customer churn.¹³

55 The proposed changes to asset ownership, virtual swaps and hedge market will not necessarily address the perceived problem – limited residential competition outside the main centres. The retail books of the SOEs will indeed very likely adjust significantly to accommodate the new risk positions, with Genesis and Mighty River Power acquiring customers in

¹³ As set out in the table in the Cabinet paper, p.13.

the South Island, while having to shed them in North Island¹⁴. Meridian will need to do the opposite. For this to solve the problem, it will also be necessary that:

- 55.1 the changes in retail positions are not achieved simply by acquiring and shedding a relatively small number of large customers;
 - 55.2 the virtual swap contracts are not simply on sold; and
 - 55.3 the changes are not solely concentrated on the main centres.
- 56 There does not appear to be anything in the proposed changes that prevents these outcomes. In fact there is some risk that the SOEs will only be able to cope with the risk implications of the swaps by seeking equivalent customer swaps. Or they might need to price themselves out of the market in some areas. Whether this can really be seen as a beneficial competitive outcome is at least debateable.
- 57 Orion believes that a better option is for the physical and virtual swaps to be abandoned, while the hedge market changes are supported. In our view there has been considerably more competitive activity in recent years, and this is already driving voluntary arrangements by market participants. Competition is improving. In our own area we have seen significant switching, and also the start up of industry innovator Powershop. Markets take time to develop, and regulation can both discourage and encourage them. This is a time for gentle nudges rather than sledgehammer blows.

The Electricity Authority

- 58 Orion strongly supports the proposed changes in the bill regarding industry governance and the associated reallocation of administrative and regulatory functions. The Authority will be more focused and more independent than the EC.
- 59 Our only suggested change relates to funding arrangements, specifically clause 126 (5) . Our view is that a lesson can be learned from the EC levy arrangements, and would urge the Committee to ensure the bill permits

¹⁴ Although this is perhaps only because they are SOEs, and feel politically obliged to do so. Private companies faced with such intervention might simply contrive to reverse some or all of the impact of the swaps by entering into offsetting swaps, which would possibly necessitate a more intrusive regulatory response.

funding arrangements for the Authority that allow it to carry forward over and under expenditure from each year to following years, rather than having to washup unders and overs for each year as the EC now does. This would assist:

- 59.1 distributors by reducing a potential source of non-compliance with the Commerce Commission's price regulation;
- 59.2 retailers some of whom are contractually bound to pass through these washups to some groups of customers; and
- 59.3 the Authority in not having to recalculate levy rates and carry out the washup function.

Concluding remarks

- 60 Thank you for the opportunity to make this submission. Orion does not consider that any part of this submission is confidential. If you have any questions please contact myself or Rob Jamieson.

Yours faithfully



Roger Sutton
Chief Executive Officer