

18. As I will address later in this affidavit, it was my view that the relationship between me, members of the Commission and Minister Parker was not a good one, particularly following direct interference from the Minister and government officials in the regulatory function of the Commission in 2006.

43. The Commission did not agree. We met with Minister Parker in his office, with Crown Law and Commission lawyers present, to argue over the proposed timetable and staff work plan. I was of the view that it was very inappropriate for a Minister to be engaging in that level of detail with a regulatory agency. I maintain that view today.

50. On 23 May 2006, Mr Cullen met with the Commission. By this time, the Commission had released its draft decision stating its intention to decline the original Transpower proposal and was about to commence its public consultation on that decision. Minister Cullen started the meeting by saying that if anyone ever asked that the meeting had occurred, he would deny it. He told us that he would not tolerate a stalemate over the Waikato transmission line and he wanted us to reach a solution by the end of July 2006 or he would intervene in the process.

52. The low point in this process occurred on 20 June 2006 when the Commissioners were asked to meet with Minister Parker for the first time. Previous Commission meetings with other energy ministers had been at the Commission's premises and were pleasant, and the Commission had received encouragement about the importance of its regulatory work and how much the Government would rely on it. At the June 20 meeting in Mr Parker's office, Mr Parker instead used the opportunity to read to us six or seven pages of his own dense handwritten notes, telling us in detail how we were to do our jobs.

54. Notably, the most senior Commissioner on the board at that time had 50 years experience in the electricity industry and in my view, is one of the most intelligent and innovative thinkers on electricity in the country. Other Commissioners brought extensive relevant experience to the meeting table. The debates between us were often heated but the most well informed of any collegial group I had ever belonged to. Many of us on the Board considered the Minister's directions on the future path to be taken to be completely naïve and worst of all, disrespectful of the expertise possessed by Commissioners and of their supposed independence from government.

56. Personally, I was dismayed by Minister Parker's behaviour. I wrote him a long letter, setting out my concerns. A true copy of my letter dated 4 July 2006 is attached to my affidavit as Exhibit "B". I wanted Minister Parker to understand that the Commission was doing exactly as the Government had asked it to do under the rules that it had in fact drafted and adopted. The Commission's ongoing commitment to analysis-based decisions was the only way it could achieve good results for the country. The Commissioners were of the view that Transpower had to learn to play by the rules and submit proposals that had some prospect of passing the regulatory tests. I said that the Commission was prepared to approve Transpower's proposal if it met the standards in the rules. We were not looking for reasons to reject it. The letter was a direct one, intended to set out for the Minister the Commission's ongoing commitment to comply with the legal requirements it was bound by in assessing any future proposals. In other words, the letter stated that the Commission intended to continue acting as an independent regulatory authority within the law.