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| Request for capital cost of certain ECNZ power stations and their current book valuations |
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| Legislation Official Information Act 1982, s 9(2)(i)  Agency Electricity Corporation of New Zealand Ltd  Ombudsman Sir Brian Elwood  Case number(s) W34621  Date May 1996 |

*Request for capital cost of certain ECNZ power stations and their current book valuations—refused under s 9(2)(i)—release of the information would prejudice ECNZ’s commercial activities—public interest met by availability of Government valuations and release of global or aggregated figures covering the information requested*

The Electricity Corporation of New Zealand Ltd (ECNZ) refused a request by a journalist for the capital cost of some ECNZ power stations and their current book value. On reviewing that decision and clarifying ECNZ’s concerns, section 9(2)(i) of the OIA appeared to be most relevant to those concerns.

In this respect, ECNZ advised that the difference between the capital cost and the current book valuations of the power stations is largely accumulated depreciation over a certain period. Accordingly, release of the value of the power stations that were not for sale would provide a clear pointer to potential purchasers as to the likely book value of those to be sold. If running costs of the power station are added to the equation as well as an allowance for capital expenditure, the pricing strategy of ECNZ could be assessed by a knowledgeable analyst in the industry. ECNZ considered that in a competitive market, pricing strategy would be the key to converting shareholder value for each wholesale generator in the electricity industry and knowing or anticipating pricing strategies of a competitor such as ECNZ would prejudice the commercial activities of ECNZ. It also believed that knowledge of the value of each power station would be commercially valuable to competitors and would be commercially prejudicial to ECNZ as the values provide an indication of their future income earning ability.

In addition, ECNZ argued that if the power station values were released and a further break up or sale of ECNZ took place, potential buyers would be aware of the values ECNZ placed on each station and that would compromise its ability to maximise sale value for the Crown.

It was concluded that section 9(2)(i) applied to the information at issue. It was not possible to provide a more detailed analysis of the various arguments as to how release of the information would prejudice ECNZ’s commercial activities because to do so would prejudice the very interest which section 9(2)(i) seeks to protect.

In looking at whether there were any public interest considerations in terms of section 9(1) which might outweigh the need to withhold the information, it was concluded that while there was a public interest in disclosure of the information at issue, this could be met without prejudice to ECNZ’s commercial activities by the Government valuations of power stations being publicly available and by ECNZ releasing the global or aggregated figures covering the information which had been requested. ECNZ released this information to the requester.

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