

16 December 2016

Ian Wilson
Gas Industry Company
Level 8, The Todd Building
95 Customhouse Quay
PO Box 10 646,
Wellington 6143

Dear Ian

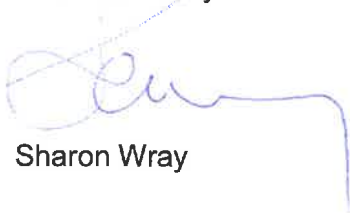
Review of Market Based Balancing

Contact thanks the Gas Industry Company for the opportunity to provide feedback on its recent Review of Market Based Balancing (MBB Paper). Contact agrees with the analysis and comments drawn from it.

Further to the specific questions raised by the GIC, Contact believes that further amendments to the MBB should be kept to a minimum and aimed only at simplification of rules. Contact believes there is no material benefit to be gained in spending more time and resources on MBB until after it has completed the Single Code work which brings together the Maui Pipeline Operating Code and the Vector Transmission Code. It may be that as a result of the Transmission Access/Single Code workstream there are changes to MBB and this is where our focus should lie.

Please find attached Contact's submission in respect to specific questions within the MBB Paper.

Yours sincerely



Sharon Wray

Questions

Error! Reference source not found.

Submission prepared by: Contact Energy Limited

QUESTION	COMMENT
1. Do you think our approach to the analysis is reasonable. If not, what further analysis do you think is necessary?	Yes we think the approach is reasonable.
2. Do you consider that there is merit in extending the analysis so that a full year pre- and post-MBB-implementation analysis can be done?	We don't believe there is any merit in extending the analysis to provide for a full year. The results seem to have provided sufficient measures to draw conclusions.
3. Do you consider that there is merit in asking pipeline users to re-assess the costs of changing their systems and business practices to accommodate MBB (given that some stakeholders believe the original cost estimates used in the CBA were too low)?	No.

Questions