



The New Zealand
REFINING COMPANY LTD

7 June 2011

Gas Industry Company Limited
Level 8, The Todd Building
95 Customhouse Quay
Wellington

Submission: Proposed Gas Transmission Investment Project

Thank you for the opportunity to submit our views regarding this subject.

We are pleased with the actions being taken by the GIC to address the issue of the North Pipeline capacity constraint. A structured approach, in the form of a project with specific deliverables, is the most effective way in moving forward with this.

The natural gas distribution system is a critical part of New Zealand's energy infrastructure. Many industries and other end users rely on it for adding value to the economy at large. The pipeline capacity is currently insufficient to meet our company's requirements and we are aware of other potential large gas users in Northland that will have to compete for the limited pipeline capacity. A dry and cold winter would probably result in severe cutbacks in gas availability.

We have the following feedback regarding your proposal:

- The project plan, as outlined in section 3 of your document, does not include any assessment of the potential value of additional capacity or of potential options available. It only provides for arrangements to increase future decision making. We recommend that the project include a workstream to also assess the potential value with options to remove the constraints.
- With reference to the first point in section 8, it is our view that the project should be aimed at establishing the anticipated *future* need for gas transmission, rather than the *current* need.
- NZRC would wish to nominate a senior manager to participate in the Panel of Strategic Advisers.

Yours sincerely,

David Gray
Business Planning Manager