



5 February 2015

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

Emailed; estelle.tolmay@gasindustry.co.nz

Dear Ian

Statement of Proposal of FY2016 Statement of Intent and Levy

Contact Energy thanks the Gas Industry Company (GIC) for the opportunity to make submissions on the Statement of Proposal of FY2016 Statement of Intent and Levy (Levy Proposal).

In Contact's view the intended work programme builds on the great achievements to date and looks to be complete. We believe the forecast volumes are reasonable and the estimated costs acceptable.

Contact's only concern relates to the GIC's oversight of work carried out by various industry working groups and individual parties. In our view greater oversight by the GIC would reduce overlapping workstreams and prevent resources being duplicated.

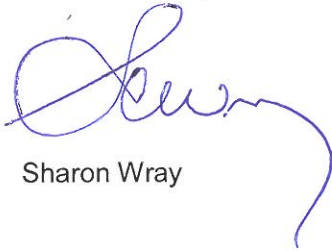
Contact believes a number of issues have reached the stage where they need to be resolved. However the issues do not sit in isolation from each other and any change to one has a flow on affect to another. Such things as balancing, allocation and the replacement of the OATIS are among topics which require coordination.

There are currently at least two industry groups working through various identified issues; the Gas Industry Transmission Access Working Group and the Pipeline Management Working Group. The GIC has been invited to sit on both but as this stage has chosen to keep only a watching brief. While the groups are making good progress, there is a concern that better oversight of the issues and how they cross over with other issues being managed by different groups would be helpful to ensure efficient outcomes.

The GIC has included in the Levy Proposal the development of an Industry Road Map. Contact strongly agrees with this action point and suggests the GIC ensures that this Road Map is formulated and distributed to industry. We also believe the industry would welcome and appreciate the GIC's representation at all industry working groups to ensure it has complete oversight into the various issues being raised and that any work the GIC is doing on regulatory backstop solutions is well informed.

In reflecting on the GIC's initiative to develop a Road Map, Contact believes a great deal of the work identified by the GIC can be described under the common banner "Pipeline Management." We have viewed the scope of such a road map quite broadly and attempted to describe the interdependencies in the attached diagram. While there are other ways to describe or set out the various work streams this is proposed purely as an indicative starting point. Contact invites the GIC to work with the industry to ensure all issues are picked up and addressed; including the interdependencies those issues may have on the rest of the pipeline management themes.

Yours Sincerely

A handwritten signature in blue ink, appearing to read "Sharon Wray", with a long, sweeping tail extending to the right.

Sharon Wray

GIC Work Programme Interdependencies

