

3 October 2018

Ian Wilson
Gas Industry Company Limited
PO Box 10 646
Wellington

By email: info@gasindustry.co.nz

Dear Ian

Gas Transmission Access Code: Submission

Contact Energy Limited (Contact) thanks First Gas Limited (First Gas) and the Gas Industry Company (GIC) for the opportunity to make a submission on the Gas Transmission Access Code (GTAC).

Contact has been pleased that the industry has worked together to find solutions to the points raised in the GIC's FAP dated 25th May. We believe this has been positive and the GTAC is now a much better draft due to the effort the industry has put in.

The areas which still remain of concern to Contact are in respect to the level of charges and fees payable under the new GTAC and the additional volume of work and therefore resources and cost required to manage nominations under the new code.

Fees and charges

Rather than simplify the payments required as a shipper under the new code there are now more fees and charges plus increased complexity around how they are applied. Contact believes peaking charges, which although apply now, are not currently used. Therefore there is little point in carrying this over to the new code, particularly when peaking does not currently impact other users. It will be difficult for users who run peaking plants to manage hourly gas nominations accurately and while they may over the day take the amount of gas nominated they may still incur hourly charges. Contact believes there should be hourly nominations for information purposes but that the overrun charges should be limited to daily imbalances only. Where a party can be shown to take gas in a manner that peaks and affects other parties, only then should an hourly overrun charge be levied.

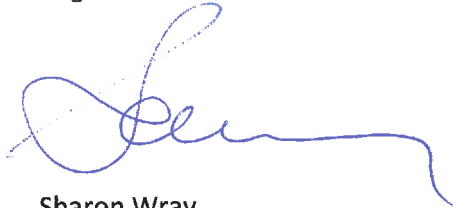
Time and resources

Contact believes that there will be a considerable increase in time and resources required to manage a shipper's nomination in order to minimise costs. This in time will lead to an increase in the cost of gas to consumers. This will not be palatable to already cost sensitive consumers in a tightened market which is also seeing increasing carbon costs.

Contact believes that further amendments can be made to address the above issues without reducing incentives on shippers to nominate correctly.

Contact is happy to discuss any of these points further and looks forward to working together on implementing the new GTAC.

Regards

A handwritten signature in blue ink, appearing to read "Sharon Wray".

Sharon Wray
Fuels Trading and Transmission Manager