

11 February 2019

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Susan Dunne
General Manager – Corporate Services
Gas Industry Company
Level 8, The Todd Building
95 Customhouse Quay
Wellington

Dear Susan

**Submission on the GIC's Proposed FY2020
Work Programme and Levy**

1. This is Vector Limited's (Vector) submission on the Gas Industry Company's (GIC) *Consultation on Gas Industry Co FY2020 Work Programme and Levy*, issued on 18 December 2018.
2. Vector generally supports the GIC's proposed Work programme and Levy for FY2020. We appreciate the restraint exercised by the GIC in keeping a 'flat levy profile' in recent years. We particularly welcome the reduced levy requirement for FY2020 should the October 2018 gas transmission access code (GTAC) be adopted.
3. We set out below our responses to the consultation questions using the submission template provided by the GIC for this consultation.
4. No part of this submission is confidential. Vector's contact person for this submission is:

Luz Rose
Senior Regulatory Specialist
Luz.Rose@vector.co.nz
Tel: 04 803 9051

Yours sincerely
For and on behalf of Vector Limited



Richard Sharp
Head of Regulatory and Pricing

Questions

Consultation on Gas Industry Co FY2020 Work Programme and Levy

Submission prepared by: **Vector**

Question	Vector's comment
Q1: Do you have any comments on the process for developing Gas Industry Co's Work Programme and Levy?	Vector is satisfied with the process for developing the GIC's Work Programme and Levy.
Q2: Do you consider there to be any other items that should be included in the Company's intended Work Programme for FY2020? If so, please describe the work required and how that work achieves the outcomes sought under the Gas Act and GPS?	<p>We do not consider the need for any other items to be included in the GIC's intended Work Programme for FY2020. The focus should be on ensuring a smooth transition to new arrangements under a single GTAC, assuming its eventual adoption.</p> <p>The GIC's commencement of a work stream that considers options to improve access to information and transparency of upstream activities, including planned and unplanned outages, is a welcome development. This will enable market participants to make more informed trading and operational decisions, avoiding unnecessary costs that gas consumers will ultimately bear.</p> <p>We assume that the GIC is already keeping a watching brief on technological and market developments on hydrogen in the context of the Government's recent initiatives in this area. We believe this can be accommodated under the proposed Work Programme, e.g. as part of the long-term gas supply and demand scenarios work stream.</p>

Question	Vector's comment
<p>Q3: Do you consider there to be any items that should be excluded from the Company's intended Work Programme for FY2020? Please provide reasons for your response.</p>	<p>We do not propose the removal of any items from the GIC's intended Work Programme for FY2020.</p>
<p>Q4: We are particularly interested in industry comment on the forecast gas volumes – do stakeholders consider the projection reasonable? If not, what would they consider an appropriate gas volume estimate to be?</p>	<p>We consider the GIC's forecast gas volumes to be reasonable for levy setting purposes for FY2020.</p>
<p>Q5: Do you have any comment on the proposed levy rates under the New Code and Status Quo scenarios for FY2020?</p>	<p>We consider the GIC's proposed levy rates under the New Code and Status Quo scenarios for FY2020 to be reasonable in the context of the GIC's flat levy profile in recent years.</p>