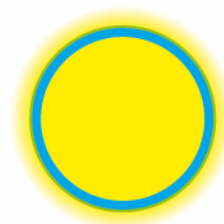


12 March 2009

Peter Davies
Gas Industry Company
Level 8, The Todd Building
95 Customhouse Quay
Wellington 6143

By email: submissions@gasindustry.co.nz

POWERCO



Dear Peter,

Submission on the 'Amended FY2010 Levy for Gas Industry Co' consultation paper

Powerco has the following response in regard to the Gas Industry Company ("GIC") "Amended FY2010 Levy for Gas Industry Co Consultation Paper", published 2 March 2009.

Powerco welcomes the GIC's efforts to reduce its costs, inline with the baseline reviews taking place in government agencies. Powerco supports the GIC's new levy proposal.

Powerco does note that the GIC has reduced its expenditure by reducing central administrative costs, rather than reducing its work programme. Powerco is keen that the GIC continues to focus on delivering value for money to gas consumers, and that all work streams have clear cost benefit justification. GIC's costs are only one part of the "regulatory burden", including Commerce Commission and Electricity and Gas Complaint Commission costs, which are ultimately borne by consumers. Given the relatively small size of the New Zealand gas industry, all regulators need to look closely at their costs and ensure consumers are not unreasonably burdened.

The GIC states that it intends to "engage with the new Government on its objectives and desired outcomes for the gas industry and re-prioritise the Company's work programme in response to that. In the meantime, Gas Industry Co will require funding to continue its market services activities and its priority policy work". Powerco agrees with this approach, and stresses the importance of reducing its work programme, rather than expanding it when discussing this with the Government.

Yours sincerely,

A handwritten signature in blue ink that reads "Charlotte Salathiel".

Charlotte Salathiel
Senior Regulatory Advisor

Submission prepared by: Charlotte Salathiel, Powerco Limited. Tel: 06 759 6241. Email:

Charlotte.Salathiel@powerco.co.nz

Question	Comment
Q1: Do you consider we have correctly identified the policy priorities for FY2010?	The policy priorities seem appropriate at this time.
Q2: Do you agree that it is necessary for the FY2010 annual levy to fund the roles under the approved gas governance arrangements?	Yes
Q3: Do you agree we need to review the effectiveness of rule changes and make changes to those rules where appropriate?	Yes
Q4: Do you agree the industry facilitative roles are valuable and that it is appropriate to budget for, and use, levy funds in this manner?	Facilitative roles are valuable if there is a strong cost benefit justification.
Q5: Do you support the annual levy funding requirement for FY2010?	Yes, on the condition that the GIC engages with the new Government on its objectives and desired outcomes for the gas industry and re-prioritises, and reduces, the Company's work programme in response to that.
Q6: Do you support the proposed annual levy for FY2010?	Yes, on the condition that the GIC engages with the new Government on its objectives and desired outcomes for the gas industry and re-prioritises, and reduces the Company's work programme in response to that.