



16 September 2015

Mr Ian Wilson
Gas Industry Company
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By email: Ian.Wilson@gasindustry.co.nz

Dear Ian

Special allocations to replace initial allocations with D+1 allocation results

Thank you for the opportunity to provide a submission on the Gas Industry Company's (GIC's) proposal to replace initial allocations with D+1 allocation results under a special allocation (Proposal).

Contact Energy Limited (Contact) is supportive of the D+1 trail and agrees that the resulting D+1 allocation should replace the initial allocation. However, this change can only be implemented once Vector can process the Daily Balancing and Peaking Pool (BPP) allocation using the resulting allocations on a daily basis.

Vector has advised shippers that they are currently targeting 1 November 2015 for the provision of daily cash-out information under the BPP allocation, which will still be a manual process. Vector are also looking to parties to contribute funding of this process.

On this basis of the information above, Contact recommends that initial allocations remain in place and are not replaced by the D+1 allocation until those results can be fed into the BPP allocation on a daily basis and supplied to Vector Shippers. Contact also believes that the GIC should work with Vector to transfer the BPP allocation process to the Allocation Agent. This will allow for funding to be provided through GIC fees in a fair and equitable way.

In our view a further consultation will be required to determine how wash-ups will be dealt with for allocations prior and post implementation of MBB and how the current allocation reports will be dealt with by individual shippers.

It is also worth noting that while shippers have been meeting regularly on the changes affecting the industry under MBB and working on how those changes can align with internal systems, we are far from resolving all of the issues.

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Despite not supporting the replacement of initial allocations at this time, Contact supports the continuation of the trail and provision of the D+1 allocations to shippers.

Please contact me should you wish to discuss any of the matters raised in this submission.

Yours sincerely



Sharon Wray
Manager, Fuels Trading

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