

Gas Industry Company Ltd
Level 8, The Todd Building,
95 Customhouse Quay.

PO Box 10 646
Wellington 6143.

Attention : Ian Wilson

Submission: Retail Competition and Transmission Capacity Statement of Proposal

Dear sirs,

We support the submission made by Arete Consulting Ltd and Hale & Twomey on your statement of proposal.

We have not had specific experience of lack of retail competition on the north transmission line as at present we only have one relatively small user (approximately 10,000 GJ pa) on this line who is part of a multi-site contract.

However, we have been reviewing opportunities at this site for more innovative ways to provide the relatively large heat and electrical load for this site. We have not been able to seriously consider gas as a possible source of primary energy input as our gas supplier cannot make even a tentative commitment for increased future gas supply.

We find this situation quite frustrating and so we believe that a high degree of effort should be put into working through the long term supply issue for this part of the gas supply system.

However, the short term issue of retail competition also needs to be satisfactorily resolved, and we are in general agreement with your proposal.

Attached in Appendix 1 are our comments on the submission questions.

We are happy to discuss our submission further with you in more detail.

Yours sincerely



Lyndon Haugh
Energy Manager
Carter Holt Harvey Pulp & Paper Ltd

Appendix 1 - Carter Holt Harvey Pulp & Paper Ltd response to Retail Competition and Transmission Capacity SOP

QUESTION	COMMENT
Q1 Do you agree with our description of the retail competition problem?	We agree with your description of the retail competition problem, but note that we consider that this is just the short term result of the longer term issues of pipeline capacity.
Q2 Do you agree with the economic analysis?	We generally agree with the analysis. It seems likely to us that there is unused capacity on the constrained northern line that could be used effectively, and that the present "owners" of this unused capacity have a significant competitive advantage over other potential gas suppliers.
Q3 Do you agree with the proposed regulatory objective?	We agree entirely with the proposed regulatory objective and consider that it aligns very well with the Gas Act and GPS objectives
Q4 Do you consider that the evaluation criteria are appropriate for evaluating the options?	Yes
Q5 Do you have any comments on the evaluation of options?	We consider that the evaluation has been correctly done.
Q6 Do you agree that Gas Industry Co has, through the evaluation of options, correctly identified the 'Capacity Follows End User' as the preferred option?	Yes.
Q7 Do you have any comments on the details of the proposal?	We consider that it is very unlikely that there would be a voluntary agreement by shippers to the proposed change in the way pipeline capacity on constrained pipelines is allocated . A rule change will be necessary to make the change .
Q8 Do you agree with the next steps?	Yes. This rule change needs to be made quickly so that the focus can move as soon as possible to the longer term issue of pipeline capacities and ways to resolve these problems in an efficient and equitable manner.