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4 May 2010

Ian Dempster
Gas Industry Company Limited
95 Customhouse Quay
WELLINGTON

By email: submissions@gasindustry.co.nz

Dear Ian

Exemption Application DR10-02-S

Genesis Power Limited, trading as Genesis Energy, welcomes the opportunity to provide a submission to the Gas Industry Company Limited ("the GIC") on the consultation paper "Consultation on exemption application DR10-02-S under the Gas (Downstream Reconciliation) Rules 2008" dated 26 April 2010.

Genesis Energy's responses to the consultation questions are in Appendix A.

If you would like to discuss any of these matters further, please contact me on 04 495 6354.

Yours sincerely

A handwritten signature in black ink that reads "K/Boyes".

Karen Boyes
Senior Regulatory Advisor

Appendix A: Responses to Consultation Questions

QUESTION	COMMENT
<p>Q1: Do submitters support granting the exemption DR10-02-S for the Te Rapa gas gate under equivalent terms to the existing direct connect gas gate exemptions?</p>	<p>Genesis Energy questions whether Contact Energy could address this issue through another means that would not impact on the registry.</p> <p>The creation of a second Installation Control Point (ICP) appears to be driven by Contact Energy's accounting systems, to enable it to more accurately charge Fonterra for the steam produced from the two alternate sources. Rather than changing the registry, Contact Energy could for example set up separate metering records on a "dummy" second ICP.</p> <p>Barring an alternative solution, Genesis Energy does not object to this exemption being granted. However, the exemption should be applied on the basis that:</p> <ul style="list-style-type: none"> • there is still a single installation (the co-generation plant) that is directly connected to the transmission system; • the change provides the Critical Contingency Operator with more visibility to issue gas curtailment directions during contingencies; and • the exemption includes clear wording that despite the existence of two ICPs, the exemption is being granted on a <u>direct connect gate basis</u>, not on a single retailer basis. This wording should avoid Contact Energy's exemption setting a precedent where other gates with a single retailer and multiple ICPs could also apply for an exemption from the rules.

QUESTION	COMMENT
Q2: If you support granting the exemption, do you also support variation of the existing Gas (Downstream Reconciliation) Rules 2009 (Exemption: Direct connect gas gates) Notice 2008 by removing 'TRC02003 Te Rapa Cogeneration Plant' from the list of gas gates covered by that exemption?	Yes.