1 May 2007

Nicole McFarlane
Gas Industry Company
PO Box 10-646
WELLINGTON

E-mail: submissions@gasindustry.co.nz

Dear Nicole

Allocation of Switching and Registry Costs – Revised Proposal

Genesis Power Limited, trading as Genesis Energy, welcomes the opportunity to provide comments to the Gas Industry Company on its discussion paper 'Revised Proposal for Allocation of Switching and Registry Costs' dated 19 April 2007. Genesis Energy has reviewed the consultation paper and completed the submission form (attached). We also summarise our comments below.

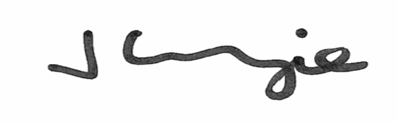
Genesis Energy agrees that the *ongoing costs* of registry operation and switching should be borne by retailers. This simple approach limits transaction costs and provides transparency for customers. In our view, these benefits are likely to outweigh any benefits that would be produced through placing efficiency incentives on distributors and meter owners.

However, Genesis Energy does not agree that all *development costs* should be allocated to retailers. Efficient development of the registry will be dependent on cooperation of distributors, meter owners, and retailers. As such, all parties should bear a proportion of the costs to encourage efficient implementation. This will be particularly relevant to the specific technical development and testing requirements of the interface between the registry, distributors and meter owner systems.

Genesis Energy suggests that generic development costs should be allocated in proportion to the static benefits identified by Gas Industry Company – that is, 15% to distributors and 85% to retailers. Any other company-specific costs should be borne by the party who incurs such costs.

If you would like to discuss any of these matters further, please contact either myself on 04 495 6357 or Tracey Kaio on 09 580 4885.

Yours sincerely



John A Carnegie
Regulatory Affairs Manager
Genesis Energy

Appendix One: Responses to Specific Consultation Questions

QUESTION	COMMENT
Q1: Do you agree that the cost savings from the registry are likely to accrue in greater proportion to retailers than to distributors and meter owners?	**Yes.**
Q2: Do you agree that transactions costs are likely to be reduced by allocating costs 100% to retailers rather than split between retailers, distributors and meter owners?	**Yes – with respect to ongoing costs only.**
Q3: Do you agree that the electricity registry cost allocation may not provide a useful guide to the cost allocation for the gas registry?	**Yes.**
Q4: Do you support the revised proposal to allocate switching and registry costs, both development and ongoing costs, 100% to retailers with the proportion based on their respective share of ICPs? What are your reasons?	**No. Genesis Energy supports the revised proposal with respect to the ongoing costs, but not with respect to development costs. See Q5 for further information.**
Q5: If you do not support the proposal, what alternative proposal would you support? What are your reasons?	**Genesis Energy supports allocation of development costs across retailers and distributors, with ongoing costs allocated 100% to retailers.** **Efficient development of the registry will be dependent on cooperation of distributors, retailers, and meter readers. As such, all parties should bear a proportion of the costs to encourage efficient implementation.** **Genesis Energy suggests that generic development costs should be allocated in proportion to the static benefits identified by Gas Industry Company – that is, 15% to distributors and 85% to retailers. Any other company-specific costs should be borne by the party who incurs such costs.**