



14 April 2009

Ian Wilson
Gas Industry Company
Level 8, Todd Building
95 Customhouse Quay
WELLINGTON

First Floor
Genesis Energy Building
Cnr Woodward St & The
Terrace
PO Box 10568
The Terrace
Wellington 6143
New Zealand

Genesis Power Limited
trading as Genesis Energy

Telephone: 04 495 6350

Fax: 04 495 6363

submissions@gasindustry.co.nz

Dear Ian

VTC Appeal on BPP Overdraft

Genesis Power Limited, trading as Genesis Energy, welcomes the opportunity to provide a cross-submission to the Gas Industry Company regarding Vector Gas Limited's appeal concerning requested changes to the Vector Transmission Code (VTC) to enable the BPP Trustee to incur debt.

Genesis Energy does not support Vector's change request and recommends that the Gas Industry Company should not support Vector's appeal.

Vector's submission (dated 6 April) could be read as implying that the VTC is a contract constructed by gas shippers, with Vector somehow not privy to negotiations. Clearly, this is not the case. Vector is a contractual party to the VTC, as well as to an interconnection agreement with Maui Development Limited. Vector was involved in both sets of contractual negotiations and entered into both contracts of its own volition.

Given Vector is a counterparty to both contracts, Vector should be able to address problems with invoice timing inconsistencies directly rather than needing to introduce an overdraft facility to deal with the problem indirectly.

Genesis Energy does not accept that introducing an overdraft facility would improve targeting of costs to causers. Parties, including Vector as a party to its contract with MDL, should be able to exercise their contractual rights to dispute

invoices. Combined with provisions to charge penalty interest, a chain of contractual dispute (from Vector shipper, to Vector, to MDL) provides a better mechanism than use of an overdraft facility for ensuring that costs flow to causers.

If you would like to discuss any of these matters further, please contact me on 04 495 3348.

Yours sincerely

A handwritten signature in black ink that reads "Ross Parry". The signature is written in a cursive, flowing style.

Ross Parry
Regulatory Affairs Analyst
Genesis Energy