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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

By email: [submissions@gasindustry.co.nz](mailto:submissions@gasindustry.co.nz)

Dear Ian

## Draft Recommendation on October VTC Change Request Appeals

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Genesis Power Limited, trading as Genesis Energy, welcomes the opportunity to provide a submission to the Gas Industry Company (GIC) on the consultation paper "Vector Transmission Code Change Request Appeal: draft recommendation" dated December 2008. Genesis Energy's view on each of the change request appeals is set out below.

### **Appeal 4 – Matching Payments In and Out of the BPP Account**

Genesis Energy acknowledges the GIC's view that Vector validly withheld its consent to this change request under section 25.5(a)(i) of the Vector Transmission Code (VTC).

Notwithstanding this, Genesis Energy also supports the views expressed by the GIC in its draft recommendation that:

- (a) the VTC should clarify who is liable for any shortfall in the BPP account and the associated recovery costs; and
- (b) BPP account costs associated with non-code shippers lie fairly with Vector to the extent that Vector is unable to recover those costs.

The BPP account is a mechanism for Vector to manage the costs it incurs in operating its pipeline. Vector is the only party that has contractual arrangements with every shipper, including VTC and non-code shippers. As such, Vector is the only party in a position to seek recovery of unpaid BPP amounts and it is entirely appropriate that it should have that responsibility.

#### **Appeal 5 – Payments In and Out of the BPP Account**

Genesis Energy acknowledges GIC's view that Vector validly withheld its consent to this change request under section 25.5(a)(i) of the Vector Transmission Code (VTC).

Notwithstanding this, Genesis Energy supports the views expressed by GIC in the draft determination that the VTC should clarify whether the BPP can go in to overdraft. Associated costs should fairly lie with Vector for the same reasons set out above in relation to Appeal 4.

#### **Appeal 6 - Confidentiality**

As with the GIC, Genesis Energy is not in a position to determine whether the disclosure of energy quantity information would constitute a breach of non-code shippers' transmission services agreements, and accordingly acknowledges that the GIC cannot support this change request. Genesis Energy also agrees with the view that Vector should not be required to publish the energy quantity information unless all shippers' information (namely for both VTC and non-code shippers) can be published.

Notwithstanding this, Genesis Energy reiterates its view that transparent disclosure of this metering data would better enable shippers to manage their imbalance positions. As such, Genesis Energy urges the industry to develop such arrangements, for example, through appropriate deeds of amendment.

#### **Appeal 7 – Vector Running Imbalance Information**

Genesis Energy agrees with the GIC's analysis of, and recommendation in relation to, this change request appeal.

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'J Carnegie'.

John A Carnegie  
Regulatory Affairs Manager  
Genesis Energy