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18 October 2016

Glenda MacBain
Gas Industry Company
PO Box 10-646
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Dear Glenda

Options paper: Wholesale Levy Assurance

Genesis Energy Limited welcomes the opportunity to provide a submission to the Gas Industry Company ("the GIC") on the consultation paper "Options Paper: Wholesale Levy Assurance" ("the Paper") dated 14 September 2016.

Genesis Energy supports the intent of this paper. Increasing transparency and strengthening verification in the wholesale levy collection process will improve both the GIC's and participant's confidence in the process, and reduce the likelihood of future error and associated costs to rectify.

We believe, however, that the GIC's preferred option may lead to significant changes in cost allocation because of commercial contracts in place. Due to this, our preference would be for Option 1, improving verification, as this is more likely to provide a straightforward solution to the issue identified.

Our responses to your specific questions are set out in the attached Appendix. Please contact me on 04 830 0015 if you would like to arrange a time to discuss our response further.

Yours sincerely

A handwritten signature in blue ink, appearing to read "VP", with a stylized flourish extending to the right.

Victoria Parker
Regulatory Advisor

Appendix A: Responses to Consultation Questions

QUESTION	COMMENT
<p>Q1: Do you agree that the current arrangements do not provide adequate assurance that wholesale levy payers are meeting their respective obligations and that changes need to be made to provide adequate assurance that wholesale levy returns and payments are accurate?</p>	<p>Yes.</p>
<p>Q2: Do you consider that there are any other efficient, low-cost options to address the shortcomings of the current methodology in the Levy Regulations? If so, please provide the alternative(s) together with your assessment compared with the four options presented.</p>	<p>No.</p>
<p>Q3: Do you agree with the analysis of each of the four options? If not, please provide your reasons.</p>	<p>Yes. However, in regards to Option 3 – although we broadly support the use of transmission billing volumes to reconcile against levy returns, we believe there may be an issue as to how commercial contracts will align with this proposed method. Title could transfer between parties at a Maui receipt point, a Maui delivery point, both or neither. There is potential for a significant change in cost allocation using Option 3.</p> <p>Option 1 is likely to provide a more direct solution.</p>
<p>Q4: Do you agree with the analysis that option 3 addresses the problem at low cost and provides an appropriate set of checks and balances?</p>	<p>See Q3.</p>

QUESTION	COMMENT
Q5:Do you agree that it would be desirable to amend regulations 18 and 20 of the CCM Regulations to align with any changed levy regulations?	Yes.
Q6:Do you agree that such an amendment to regulations 18 and 20 would be minor and technical, i.e. its effect is minor and it does not adversely affect the interests of any person in a substantial way?	We would need to see the proposed amendments to regulations 18 & 20 prior to providing comment.