

15 September 2015

Andrew Walker
Gas Industry Company
95 Customhouse Quay
Wellington 6143

Dear Andrew,

Consultation on Special Allocations for D+1

Mighty River Power welcomes the opportunity to provide this submission on the Gas Industry Company's (**GIC**) consultation on the merits of replacing the Initial allocation for the duration of the D+1 Trial.

We support the special allocation mechanism the GIC has suggested as a pragmatic, temporary, solution. It is our view that the benefit of a D+1 system, allowing shippers to know their position daily, far outweighs the potential costs of an imperfect system. Specific concerns can be properly addressed in the long term by the regulatory process.

Without this special allocation, the role of D+1 and daily BPPs is undermined. Shippers would remain incentivised to balance to their predicted Initial allocation. If we were to balance to D+1 when other shippers did not, we would more often exacerbate any industry imbalance. Under our obligation as a reasonable and prudent operator we would balance to our own estimates which have so far shown to be more accurate. Effectively, the industry would remain without the tools it requires to deal with increased cash-out volumes.

While we consider it imprudent to enter a MBB regime (Oct 1) without D+1, we also recognise that some shippers may feel similarly about implementing special allocations before Vector commences publishing daily BPPs. It is our view that the special allocation alone would still provide a net benefit.

In lieu of other timely alternatives, we regard this special allocation as the best option to establish the foundation necessary for a D+1 trial. Given the overall benefit to the industry we believe the GIC should proceed with these special allocations unless very strong concerns are raised.

Yours sincerely



Nick Wilson
Manager Regulatory and Government Affairs