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28 May 2008



A Responsible Care® Company

Ian Dempster
Gas Industry Co
Level 9, State Insurance Tower
1 Willis Street
PO Box 10-646
Wellington
New Zealand

Dear Ian,

Submission on Gas Critical Contingency Management

Thank you for the opportunity to provide comments on the May 2008 Short-form Consultation Paper.

Attached are our comments on the specific questions posed by the GIC and we provide the following further comments on the regulations.

1. Minimal Load Consumer

We still have some concerns relating to the designation of a minimal load consumer. The shut down of a methanol plant should be carried out in a controlled and orderly manner to minimize damage to plant and ensure a safe operating environment. As such we believe a methanol plant should be designated as a minimal load consumer. As the regulations are currently drafted, we have a concern that this will not necessarily be the outcome.

As noted in our submission of 11 February 2008, the current wording of regulations 43(5)(b) and 43(6)(a) are a high hurdle to achieve a minimal load consumer classification. We believe these provisions need further consideration.

We note the addition of regulation 43A to address the circumstances where a consumer disputes a decision by a retailer to decline a minimal load consumer application. We believe such a provision also needs to apply in circumstances where the retailer/consumer are unable to agree the shut-down profile pursuant to regulation 43(6).

We don't understand the basis for regulation 43A(3) and believe it should be deleted.

As noted in our submission of 11 April 2008, there are questions that arise from a consumer having more than one retailer or where a consumer switches retailers. For example, how is the minimum shut-down profile split between retailers, what happens if one retailer approves the minimal load consumer classification but a different retailer declines it, or different retailers do not agree a single shut-down profile.

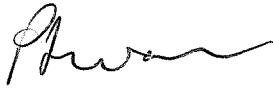


ISO 9001

Also, issues could arise in circumstances of short term gas purchase arrangements, or spot purchases, or where a consumer buys from a number of retailers but changes the uplift profiles amongst those suppliers from time to time.

It may be easier for a minimal load consumer to be designated as such, and a shut-down profile agreed, irrespective of who the retailer might be.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. Watson', with a long, sweeping horizontal stroke at the end.

Phil Watson
Commercial Manager, NZ

Gas Critical Contingency Management Arrangements

QUESTION	COMMENT
Q1: Are the proposed threshold limits (or the ranges for those limits) set at an appropriate level?	Yes.
Q2: Do you consider the definitions of positive and negative contingency imbalances are appropriate? If not, please explain why.	No comment.
Q3: Do you agree that a process for correcting material errors in contingency imbalances is desirable?	Yes.
Q4: What is your view of the proposed two-stage process for setting the critical contingency price?	We agree with the two stage process proposed. The reference in 67(2)(b) to subclause 3(a) should be 2(a).
Q5: Do you consider the definition of regional critical contingency is sufficiently unambiguous? If not, how do think it should be improved?	No comment.

QUESTION	COMMENT
<p>Q6: Do you agree with the appeal process for the designation of consumers as minimal load consumers and essential service providers?</p>	<p>We agree that there should be an appeal process for the designation. This appeal process should extend to cover the circumstance where the retailer and consumer are unable to agree the shut-down profile pursuant to 43(6). 43A(3) should be deleted as it potentially undermines the intent of this provision. There is a typo in line 3 of 43A, where "or" doesn't appear to be correct.</p>
<p>Q7 Are there any other changes to the proposed Regulations that you wish to comment on?</p>	
<p>Q8 Are there any other areas related to implementation that should be included within the terms of reference of CMIG?</p>	