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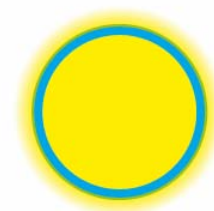
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2 May 2007

Christine Southey  
Chief Executive  
Gas Industry Company Limited  
P O Box 10-646  
Wellington

**POWERCO**



Dear Christine

**Revised Proposal for Allocation of Switching and Registry Costs**

We refer to the Gas Industry Company's revised proposal in respect to the allocation of Registry costs, dated 19 April 2007.

Attached is Powerco's submission to the questions presented in the GIC's proposal. In respect to development costs we raise questions concerning the recovery of costs that will be incurred by networks in their role in developing the registry. We anticipate these will be material; in addition to registry data preparation, the work will extend to new areas of data management responsibility, such as ICP altitude and the outcomes of the emergency load management review. We would be pleased to discuss these matters with the GIC if desired.

Yours sincerely

Brian McLaughlin  
Gas Business Manager

### GIC Revised Proposal for Allocation of Switching and Registry costs

Question	Comment
<p><b>Q1:</b> Do you agree that the cost savings from the registry are likely to accrue in greater proportion to retailers than to distributors and meter owners?</p>	<p>Yes</p>
<p><b>Q2:</b> Do you agree that transactions costs are likely to be reduced by allocating costs 100% to retailers rather than split between retailers, distributors and meter owner?</p>	<p>Yes</p>
<p><b>Q3:</b> Do you agree that the electricity registry cost allocation may not provide a useful guide to the cost allocation for the gas registry?</p>	<p>Yes</p>
<p><b>Q4:</b> Do you support the revised proposal to allocate switching and registry costs both development and ongoing costs, 100% to retailers with the proportion based on their respective share of ICP's? What are your reasons?</p>	<p>Yes. Costs will be incurred beyond the registry development activity itself; directly related network costs will be material. All development costs should be pooled with recoveries from retailers processed under one transactional base. Cost allocation on an ICP basis represents a reasonable balance between administrative efficiency and equity in cost apportionment.</p>
<p><b>Q5:</b> If you do not support the proposal, what alternative proposal would you support? What are your reasons?</p>	<p>Not applicable</p>