

7 June 2011

Melanie Leonard
Gas Industry Company Limited
Level 8 The Todd Building
95 Customhouse Quay
P O Box 10 646
Wellington 6143

Dear Melanie

Re: Gas Transmission Investment Project

Thank you for the opportunity to comment on the GIC paper dated 25 May 2011 which outlines the background and suggested approach for the proposed Gas Transmission Investment Project.

The Carter Holt Harvey group of companies uses approximately 3.6PJ pa of natural gas at nine sites. While the majority of usage is presently from the Bay of Plenty gas line at the Kinleith, Tasman and Whakatane mills, there are other sites in Auckland, Whangarei, Hamilton and Levin.

The natural gas is used to provide process heat for CHH businesses that make a significant contribution to NZ's foreign exchange earnings, primarily by way of exported timber, pulp and paper products, but also in the form of avoided imports of paper and packaging utilised by NZ's agricultural and horticultural industries, which are themselves export focused. CHH businesses are substantial employers, with the majority of that employment being regionally based.

Natural gas is vital for our ongoing operations and constitutes a large portion of our overall energy costs.

We agree in general with the proposed gas transmission investment project and the proposed management outline in section 7.

While at this stage we do not intend to nominate a senior manager from within CHH to participate in the Panel of Strategic Advisors, we will liaise with the Major Gas Users Group to ensure a suitable nomination from major industrial gas users is put forward.

We have some specific comments on your proposal as below.

1. We consider that as a first and urgent step in this project, it is imperative that a much fuller disclosure of information related to the capacity, capacity reservation, capacity usage and supply security standards used as a minimum is required so that all participants (supply and demand) can understand the extent of both short and long term issues on all parts of the gas transmission system. We would be happy to assist with any technical group set up with this proposed workstream and believe that this aspect could be completed well within the 12 months presently indicated in the proposal.

2. We consider that an outcome (regulated or otherwise) to the present short term capacity issue on the northern pipeline which makes the best possible use of the present pipeline is a necessary pre-requisite to enable all to fully focus on the longer term issue that will be addressed by the proposed gas transmission investment project.

We are encouraged that GIC has taken the initiative in this matter and thank you for the opportunity to comment on your proposal.

Yours sincerely



Lyndon Haugh
Energy Manager
Carter Holt Harvey Pulp & Paper Ltd