

Statement of Proposal on FY2014 Strategy, Work programme & Levy

Submission prepared by: Contact Energy Limited

QUESTION	COMMENT
<p>Q1: Do you consider there to be any other items that should be included in the Company's intended work programme for FY2014? If so, please describe the work required and how that work achieves the outcomes sought under the Gas Act and GPS.</p>	<p>No, however with regards to the intended work on the Retail Contracts Oversight Scheme, we suggest that consideration is given to introducing a mechanism to monitor a retailer's actual compliance with the benchmarks and their terms and conditions to ensure the GIC assessment remains relevant.</p>
<p>Q2: Do you consider there to be any items that should be excluded from the Company's intended work programme for FY2014? Please provide reasons for your response.</p>	<p>See 3</p>
<p>Q3: In particular, do you consider that work should be undertaken with respect to metering arrangements? Please provide reasons for your response.</p>	<p>Contact does not believe it is necessary at this time to undertake work on model contracts with respect to metering arrangements. However, we suggest a periodic review of this approach if the Commerce Commission approves the purchase by Vector of Contact's gas meters leading to Vector owning a significant proportion of gas meters. We would also suggest the GIC liaise with the EA to discuss their experience of the process of developing model contracts.</p>
<p>Q4: Do you have any comment on the proposed levy for FY2014?</p>	<p>Contact believes there is insufficient detail to understand the costs apportioned to each objective. For example there is 3.2FTE required to meet objective 2 against 2.1FTE for objective 3, however the cost associated with objective 3 is 50% more than objective 2. Furthermore a large portion of the cost for objective 3 should come from market fees. To ensure greater transparency it would be helpful if the GIC could break the cost allocation down further.</p> <p>Contact also wishes to reiterate that many of the issues seen in the industry with balancing at the beginning of open access have now disappeared. Also with the actions taken by the industry the capacity constraint issues on the North pipeline have also largely been dealt with. Contact therefore cautions against increased spend in this area and advocates a watching brief stance.</p>

QUESTION	COMMENT
Q5: Do you have any comment on the regulatory amendments described in section 5?	Contact is comfortable with the status quo for the treatment of under or over recovery of the levy.