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Bas Walker
Gas Industry Company Limited
PO Box 10-646
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6 October 2008

Dear Bas,

Comments on Genesis Energy's Exemption Application DR08-24-U

Vector welcomes the opportunity to provide its views on Genesis Energy's exemption application under the Gas (Downstream Reconciliation) Rules 2008 to apply the Global 1-Month UFG methodology to the KIW34202. Please see Appendix A for Vector's comments on the exemption.

If you have any queries, or require further information please feel free to contact me at ewan.gebbie@vector.co.nz or ph 04 462 8657.

Kind regards,

A handwritten signature in black ink that reads "Ewan Gebbie".

Ewan Gebbie

Group Manager Regulatory Performance

Appendix A – Recommended Format for Submissions

Submission from: Vector Gas Limited, Ewan Gebbie (company name and contact)

Question	Comment
<p><i>Q1: Do submitters have any comments on the global 1-month methodology exemption application DR08-24-U from Genesis Energy for the Kiwitahi 2 gas gate?</i></p>	<p>Vector does not support application DR-08-24-U from Genesis Energy for the Kiwitahi 2 gas gate. Vector understands that there is a large amount at UFG at this gate relative to the volumes flowing through the gate (~25%), and that if granted this exemption the retailer for the group 2 ICP will be allocated an inequitable amount of UFG. If this exemption is granted no incentive would exist for the meter owner to correct the meter bias. Allowing for the meter owner to gain from that bias, in Vectors view, does not promote good consumer outcomes. Vector also understands that Genesis was sole retailer at this gate until recently when a new retailer has gained one of the two ICPs at Kiwitahi 2.</p> <p>Given the large amount of UFG, Vector considers that both retailers should have to take responsibility for their proportion of UFG, in order for the appropriate incentives to be in place for them decrease their UFG. Vector considers that this may not be the only gate exempted from the Global 1-Month UFG Methodology in this situation. Rather than a 'one size fits all' approach to these gates, Vector prefers that the GIC investigate each on a case by case basis.</p>