



20/7

6 October 2006

Mr P Mitchell
Gas Industry Company
P O Box 10-464
WELLINGTON

Dear Paul

GAS SWITCHING

As always thank you for the opportunity to comment on the latest papers on the Statement of Proposal on Switching Arrangements for the Gas Industry. I am responding on behalf of the Commercial Division of Wanganui Gas (WGL) and believe that GasNet will be making a separate submission.

I note as discussed with you that the current papers cover all of the Gas Industry Company's consultation documents on these matters dating back to October/November last year. Given that WGL has not changed its position on these matters to any significant degree I have chosen to provide a submission only on the new documents provided. With regards to the previously issued consultations on Switching Arrangements I would refer you to our previous submissions on those matters.

At the risk of repeating myself I confirm that WGL does not oppose the concept of a central registry for the Gas Industry in principal, in fact we favour the full development of a Registry that will include Allocation processes. We are however very concerned about the final cost of a Registry to be initially designed only for switching for a market of approximately 240,000 customers.

WGL is most certainly opposed to the introduction of a system that will favour the currently inefficient operators by reducing their switching costs whilst penalising efficient operators like WGL by increasing their switching costs.

WGL also has some concerns about the estimated savings and benefits that are claimed to be associated with the proposed introduction of a Registry, in particular WGL has commented in our submissions on the supposed costs associated with switching at the moment and the estimated gross profit of supplying a residential gas customer. Both these estimated costs and profits in WGL's opinion, lack credibility.

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Where WGL does agree wholeheartedly with the Gas Industry Company is that there is a real need to bring some sort of governance to this process.

The enclosed submissions do not include any comments on Appendix 4 of both Parts 1 and 2 of the consultation paper. Time has prevented us completing this work. We have however circulated the Appendix on the “Rules for the New Switching Arrangements” within the Company in order to gauge the impact that these may have on those members of staff who undertake the switching processes on our behalf. WGL would be happy to provide any comments on this part of the paper once we have completed our internal review.

Again thank you for the opportunity to comment on these matters. I would be happy to discuss any of the issues raised in our submission with you and can be contacted on e-mail at jim.raybould@wanganuigas.co.nz or by phone on DDI 06 349 0126.

Yours sincerely

A handwritten signature in black ink that reads "Jim Raybould". The signature is written in a cursive, slightly slanted style.

Jim Raybould
COMMERCIAL MANAGER

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Appendix 3: Recommended format for submissions on Compliance Proposal

To assist Gas Industry Co in the orderly and efficient consideration of stakeholders' responses, a suggested format for submissions has been prepared, an electronic copy of which is available on our website. This is drawn from the questions posed throughout the body of this consultation document.

Respondents are also free to include other material in their responses.

Submission from: Jim Raybould, Wanganui Gas (Retail)

QUESTION	COMMENT
Q1: Do submitters agree with this Regulatory Objective? If not, what do you think the regulatory objective should be?	Yes
Q2: Do submitters agree with the analysis of the Proposal? If not, please state your reasons?	Yes, however we continue to have concerns about the cost benefits associated with the proposal.
Q3: Do submitters agree this Proposal complies with section 43N of the Gas Act? If not, please state your reasons.	Yes
Q4: Do submitters have any other information that they consider is relevant to the assessment of the Proposal?	No
Q5: Do submitters agree that the benefits	WGL agrees with the GIC that a mandatory compliance and enforcement regime is required with regards

relative to the costs of the Proposal are likely to be superior to a voluntary compliance and enforcement regime?	to switching and other aspects of the gas industry. We would however reserve our judgement with regards to the net benefits verse the cost of this Proposal.
Q6: Do submitters agree that the Proposal will lead to a higher level of compliance than a voluntary compliance and enforcement regime?	Yes
Q7: Do submitters agree that the benefits relative to the costs of the Proposal are likely to be superior to alternative designs? If not, please specify which particular aspects of the design should be amended, stating reasons.	In general yes but WGL would reserve judgement until the final costs are know.
Q8: Do submitters agree that the Proposal meets the Regulatory Objective? If not, why?	Yes
Q9: Do submitters believe the proposed compliance regulations adequately reflect and govern the Proposal? If not, please provide all drafting amendments in mark-up.	Given the time constraints we have not as yet completed our review of Appendix 4.
Q10: Do submitters agree with the funding options for the Proposal? If not, please state your reasons	In general yes but we would reserve our judgement until the final details and costings for the proposal are known
Q11: Do you have any other comments on the Proposal?	No