

3 March 2006

Ian Wilson
Gas Industry Company Ltd
PO Box 10 646
WELLINGTON

RE: SUBMISSION ON GAS LEVY PROPOSAL

This letter is in response to an invitation of 24 February 2006 to comment on the proposal for a Gas Industry Company levy.

The submission is made by:

Ballance Agri-Nutrients (Kapuni) Ltd (Ballance)
309 Palmer Rd
Hawera
Telephone: 06-272-6920
Facsimile: 06-272-6930
Attention: Len Houwers

Ballance owns and operates New Zealand's only Ammonia Urea manufacturing facility in South Taranaki. We are the largest single site user of natural gas in New Zealand after Methanex and the major gas fired power stations, consuming an annual energy base load of approximately 7 PJ.

We wish to make two points on this submission:

1. We support, for reasons outlined in the next point, GIC's recommended option 1 for levy adjustment.
2. We support a move to a two year levy determination period. This is on the basis that it strikes Ballance as being a perverse use of industry's own funds to determine how to further charge industry. The cost of this work-stream is out of proportion to the size of the levy proposed and is distracting to the work that the GIC is charged to complete.

Yours sincerely,

Len Houwers
General Manager