



20/7

29 January 2007

Nicole MacFarlane
Gas Industry Company
PO Box 10-646
Wellington

Dear Nicole

SUBMISSION - LEVY DISCUSSION PAPER

Thank you for the opportunity to comment on the Gas Industry Company's Levy proposals for the year commencing on 1 July 2007.

I am replying on behalf of the Wanganui Gas Energy Retail business and have enclosed our comments in the enclosed submission form as requested.

Yours sincerely

Jim Raybould
Commercial Manager

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WANGANUI GAS LTD.

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Appendix A: Recommended Format for Submissions

To assist the Gas Industry Co in the orderly and efficient consideration of stakeholders' responses, a suggested format for submissions has been prepared. 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 prepared by: Jim Raybould

(Wanganui Gas Limited)

QUESTION	COMMENT
Q1: Do you agree with the proposal not to alter the structure of the levy for the 2007/08 financial year?	Yes
Q2: Do participants consider that it is appropriate to change the reference quantities for calculating the wholesale levy from the quarter before the last quarter to the quantity used during the previous month?	Yes it appears to us to make sense to have the levy collection as closely aligned to the previous month as possible. However as we simply pay the wholesale levy to our Gas Wholesaler we cannot comment on how difficult this type of alignment will be.
Q3: Do participants consider that it is useful to provide a comparison of previous years' costs with the budget figures?	Yes
Q4: Do you agree with the allocation of costs between the wholesale and retail work programmes?	Yes
Q5: Do you agree that unallocated costs should be split evenly between retail and wholesale?	No WGL believes that the unallocated costs should be proportionally split between the two work streams based on the work program for each particular year.

Q6: Do you agree that it is appropriate to increase the levy for 2007/08 to the levels set out above given the requirements of the proposed work programme and Gas Industry Co's statutory obligations?

Yes but with reluctance. Whilst WGL appreciates that the levy is and will be driven by the work program for the year ahead it has to be recognised that the proposed increase in the retail levy is in percentage terms almost 30%. Such an increase although only \$1.88 per customer over the year will result in some customers questioning such a large percentage increase which the Gas Industry Company may need to respond to.

Customers may be more willing to accept such increases if they see the levy varying both up and down depending on the work program which we accept is difficult to demonstrate given that the Gas Industry Company is only in its third year of operation.

It should also be remembered that ultimately the customer pays for both the Wholesale and Retail levies. The almost 30% increase in the Retail Levy and an 8% increase in the Wholesale Levy is simply another increase that the customer has to pay for his or her gas on top of the increases in compliance, transportation and wholesale gas costs being incurred by retail companies.