

10 APR 2006



**Submission to Gas Industry Company on
Supplementary Levy Discussion Paper**

From

Contact Energy

11 April 2006

Contact Energy appreciates the Gas Industry Company's willingness to reconsider the options for a retail levy, and we are pleased to provide a submission on the Supplementary Discussion Paper.

Contact supports the Gas Industry Company's fully fixed retail levy proposal, as set out in section 5 of the consultation paper. We believe that this option will prove to be simpler to implement and more equitable in practice than the other identified options.

Contact also endorses the proposed move to using the previous month's ICP data as the basis on which the levy will be charged. On this topic, we would like to stress that we believe that the wholesale levy should also be calculated on previous month data. Calculating the levies in this way would eliminate the time lag that currently exists between the calculation of the levy and its imposition on consumers – and the quantity risk that this time lag imposes on wholesalers and retailers. As stated in our previous submission, Contact considers that this change could easily be done for the wholesale levy by using the GJ allocation quantities produced by the downstream allocation agent, Tom Tetenburg, and NGC Reconciliation.

In terms of timing, we would like to reiterate that it takes two months at a minimum to implement a new levy charge: one month to program the change into the customer database and to prepare communications to customers, plus the required 30 days' notice to customers of the rate change. Contact therefore requests that retailers be given a minimum of 2 months' notice before any levy change takes effect.