



**Office of Hon David Parker**

Minister of State Services

Minister of Energy

Minister for Land Information

Minister Responsible for Climate Change Issues

- 5 DEC 2007

ERD07-080326

Christine Southey  
Chief Executive  
Gas Industry Company Limited  
10-646  
WELLINGTON

Dear Christine Southey

Thank you for your letter of 17 August 2007 attaching Gas Industry Co's interim recommendation on the trial commissioning of an electronic matching platform for short-term wholesale gas trades and your follow up letter of 12 November 2007 updating me on progress in this area.

I regard the development of a formalised secondary market for the trading of excess and shortfall quantities of gas as an important component in fostering flexibility, transparency and competition around wholesale gas trading arrangements.

The merits of your recommendation are recognised and I endorse your plan to commission, on a trial basis and subject to a commitment from a minimum number of users, the electronic matching platform proposed. It is understood this will facilitate industry participants and Gas Industry Co working through outstanding issues and refining aspects of the platform's functional specification and governance architecture, as proves necessary to meet the government's objectives in this area, prior to a final recommendation being made.

I am advised that there is widespread industry support for Gas Industry Co's analysis, conclusions and proposed trial. This view is also supported by officials who have reviewed the work undertaken to date. As such, I encourage you to proceed as proposed and I look forward to reviewing the results of this trial in a final recommendation six to twelve months after commencement of the trial.

Yours sincerely

Hon David Parker  
Minister of Energy