

30 July 2009

Dr Paul Hodgson
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Dear Paul

Review of Interconnection Arrangements

In February 2009, Gas Industry Co issued a set of Guidelines on Interconnection with Transmission Pipelines. This letter is a reminder that we will shortly seek your co-operation to assess whether your interconnection service resolves the concerns that the Guidelines were designed to address. The main concerns were that:

- interconnection processes were poorly defined, leaving parties seeking interconnection uncertain about project timing, and key decision points;
- technical requirements for interconnection equipment were unclear, causing uncertainty, delay and additional cost;
- roles and responsibilities were confusing; and
- liability/insurance matters were not addressed until late in the process.

The Gas Act and GPS provide for the development of arrangements to provide access to gas transmission pipelines on reasonable terms and conditions. They were developed as an alternative to recommending rules or regulations to the Minister to address the issue. They represent our view on the features of good interconnection practice and we hope that they have been useful to you.

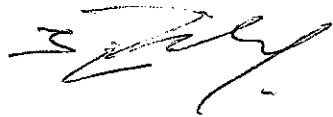
We must now assess whether the original concerns raised have been adequately addressed by your interconnection service and, if not, consider other options for improvement, including recommending rules or regulations to the Minister.

In September we would like to meet with the people in your organization who are responsible for defining and providing your interconnection service. To ensure a well structured dialog, we will send a set of standard questions prior to the meeting. The meeting we have with you, as well as with other industry participants will be important in our overall decision on what direction Gas Industry Co will take on interconnection arrangements.

I will get in touch with you closer to September to arrange a meeting date and send you a copy of the questions. If you would prefer us to deal directly with someone else in your organization, please provide us with the contact details.

Please feel free to contact me with any questions.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ian Wilson', with a stylized flourish at the end.

Ian Wilson

Principal Adviser - Pipelines