

14 December 2011

Ian Dempster  
General Manager Operations  
Gas Industry Company Limited  
PO Box 10 646  
Wellington, 6143



**Vector Limited**  
101 Carlton Gore Road  
PO Box 99882, Newmarket  
Auckland 1149, New Zealand  
[www.vector.co.nz](http://www.vector.co.nz)  
Corporate Telephone  
+64-9-978 7788  
Corporate Facsimile  
+64-9-978 7799

Dear Ian

**Vector Transmission Code (VTC): Appeal to Allow Invoicing Change Request**

On 16 November 2011 Vector Gas Limited (*Vector*) submitted a VTC Change Request called the Invoicing Change Request. A copy of the Invoicing Change Request is **attached** at Appendix 1.

More than 75% of responding Shippers did not consent to the Invoicing Change Request, and accordingly Vector wishes to lodge an appeal seeking to have the Invoicing Change Request allowed pursuant to section 25.6 of the VTC.

Under section 25.6 of the VTC and clause 2.2 of the Memorandum of Understanding dated 17 October 2008 between Gas Industry Company Limited (*GIC*), Vector must provide full particulars as to its reasons for the appeal. The reasons that Vector is lodging this appeal include:

- the reasons for the amendments as set out in the Invoicing Change Request in Appendix 1 explain the rationale behind each of the proposed amendments and in Vector's view are valid reasons for the proposed amendments;
- the proposed amendments will as a whole be beneficial to Shippers and the industry;
- the Invoicing Change Request should reduce Vector's and Shippers' dispute resolution costs by encouraging better dispute resolution practices;
- the Invoicing Change Request assist Shippers to minimise their balancing costs by making Shippers aware of changes to their Running Mismatch position (following interim, final, special allocations and metering corrections) prior to those changes taking effect; and
- the Invoicing Change Request ensures that where a Shipper becomes insolvent, the cost of balancing gas is properly allocated to other Shippers (and Vector to the extent it has delivered gas on the relevant pipeline).

Vector also considers that the Invoicing Change Request furthers the objectives in section 43ZN of the Gas Act and the objectives in the Government Policy Statement on Gas Governance, and in particular the objectives that:

- delivered gas costs are subject to sustained downward pressure; and
- risks relating to security of supply, including transport arrangements, are properly and efficiently managed by all parties.

Please contact Katherine Shufflebotham if you require any further information to assist with your assessment of this appeal.

Yours sincerely

A handwritten signature in black ink that reads "K-Shufflebotham". The signature is written in a cursive style.

Katherine Shufflebotham

Commercial Manager - Networks