

29 March 2006

Dear Stakeholders

Supplementary Levy Discussion Paper

In February 2006, the Gas Industry Co issued a consultation paper titled: 2006/07 Levy Discussion Paper. A significant number of submissions received on this paper proposed that the best option for the Retail levy was a fully fixed (per ICP) levy. Gas Industry Co did not include this option in its original paper. However, on consideration of the arguments put forward in support of a fully fixed Retail levy (including administrative simplicity and improved equity), we believe that this option is in fact preferable to those previously considered and, therefore, should be consulted on.

The purpose of this letter is to seek your input on the option of a fully fixed Retail levy of \$6.30 per ICP per annum, which is set out in the enclosed consultation paper titled: Supplementary Levy Discussion Paper. This paper is also available electronically from the Gas Industry Co's website: www.gasindustry.co.nz.

In addition, since issuing the Levy Discussion Paper, Gas Industry Co has received some of the estimated quantity data requested from levy payers. On the basis of this information it wishes to revise its estimate of the annual quantity of gas purchased from producers from 115 PJ to 124 PJ. The information received did not support any revision to the retail quantities.

The Gas Industry Co invites submissions on the proposal by **5 pm on 11 April 2006**. Please note that submissions received after this date may not be able to be considered.

Should you have any questions about the consultation document, please contact Ian Wilson on telephone: 04 494 2462 or email: ian.wilson@gasindustry.co.nz.

Yours faithfully



Christine Southey
Chief Executive