



12 December 2008

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Gas Industry Company
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Dear Christine

VTC Change Request

On the 14th November, and in accordance with clauses 25.4 and 25.5 of the VTC, Vector circulated a VTC Change Request to VTC Shippers. The Change Request was proposed by Contact. The circulation followed a period during which Contact had offer a draft of the Change Request to Vector and VTC Shippers for comment.

Clause 25.5 of the VTC allows 15 Business Days for Vector to notify each VTC Shipper whether or not it consents to the Change Request circulated. Clause 25.5 also allows Vector Shippers 15 Business Days to notify Vector in writing whether or not they consent to the Change Request circulated.

In respect of the Change Request circulated on 14th November the 15 Business Days available to Vector and Vector Shippers under clause 25.5 of the VTC expired on the 5th December 2008.

On the 4th of December 2008 Vector sent an email to all VTC Shippers indicating that it did not support the circulated Change Request and its reasons for not consenting. Today Vector provided information that Vector did not consent and 4 Shippers responded in favour.

Clause 25.6 provides two grounds for Shippers to lodge an appeal to the Gas Industry Company. Under clause 25.6(a) a Shipper may lodge an appeal if Vector has invalidly withheld its consent under clause 25.5(b). Contact believes that Vector has invalidly withheld its consent and in accordance with clause 25.6(a) of the VTC wishes to lodge an appeal to the Gas Industry Company to seek to have the Change Request allowed. Contact sets out the reasons it believes Vector invalidly withheld consent below.

Under 25.6(c) a Shipper may also lodge an appeal to the Gas Industry Company if it consented to the Change Request under clause 25.5(a)(ii) of the VTC and the relevant change was not made. Contact advised that it did consent to the Change Request and that it lodges an appeal to the Gas Industry Company under clause 25.6(c) of the VTC.

Contact believes that the Gas Industry Company should make a prompt, final and binding written recommendation supporting the Change Request and finding that Vector has invalidly withheld its consent.

1. Change Request – Daily Metering Data

1.1 Introduction

The purpose of this Change Request is set out in the attached copy of the Change Request. The Change Request provides for the posting of SCADA and telemetry Metering data on OATIS for Receipt Points and Delivery Points, other than Welded Points, available under the Vector Transmission Code (Code) on a daily basis.

1.2 Appeal on Clause 25.6(a) Grounds

In its email of the 4th December 2008 Vector states the reason for not consenting to the Change Request is because they do not have the resource to provide metering data on non-business days and therefore if the Change Request is implemented it will incur costs in providing the additional resources that it would not reasonably expect to recover.

Vector does not refer to the grounds set out in clause 25.5(b) of the VTC, as grounds that they are not considered unreasonable for Vector to withhold consent, to justify its decision.

Contact believes that there are a number of options open to Vector to recover costs which it has not fully explored. These include but are not limited to setting data provision service fees, outsourcing the service, automating the data collection and also tariff increases. Contact believes that Vector can reasonably expect to recover the expenses and costs incurred in providing daily information.

Contact believes that the recent amendments to the MPOC that now allow daily balancing and which have real financial implications to Shipper mean that VTC Shippers must have access to daily information in order to meet their obligations under both the VTC and MPOC. This has also meant a move to 7 day a week operations. Contact believes the provision of information on a daily basis should be a business as usual function for all parties not just Shippers.

Contact believes Vector has invalidly withheld its consent to the Change Request.

1.3 Appeal on Clause 25.6(c) Grounds

Contact consented to this Change Request under clause 25.5(a)(ii). In the attached Change Request Contact describes the reasons for the amendment and the impact of the amendment.

Contact believes the implementation of the Change Request would provide more timely information to Shippers on which they can make more informed effective and efficient pipeline balancing decisions on both the Vector and Maui Pipelines. Contact believes that the implementation of the Change Request is in the interests of all parties to the VTC including Vector.

For these reasons Contact lodges an appeal with the Gas Industry Company in accordance with clause 25.6(c).

Yours Sincerely



Sharon Wray
Manager Gas Transportation
Contact Energy Limited