

20 December 2017

Richard Sharp  
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Newmarket  
Auckland 1149

Dear Richard

**Re: Independent cost-benefit analysis of the Draft GTAC**

Thank you for your letter of 18 December voicing concern at the article in Energy News discussing aspects of the GTAC, including the cost-benefit analysis performed by Sapere for First Gas.

It is common for Energy News to pick up items from our website and use those as the basis for articles on its website. While we are aware of the content of the Sapere report, we have also reviewed the various stakeholder submissions on successive drafts of the GTAC and I can assure you that the team here at Gas Industry Co will be undertaking its own independent analysis.

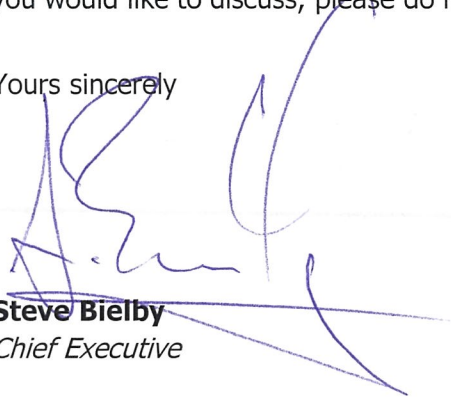
As you are aware, Gas Industry Co is going through a process of preparing an analysis of the Draft GTAC in order to identify whether that document and associated arrangements offers terms and conditions for access to and use of gas transmission that are materially better than the existing arrangements. That assessment is required to use the outcomes and objectives set for Gas Industry Co by the Government under sections 43ZN and 43ZO of the Gas Act.

As discussed most recently at the workshop on 14 December, because the objectives and outcomes are, largely, framed in terms of efficiency, contestability and competition, Gas Industry Co's assessment will, in essence, be a cost-benefit analysis. That being the case, and given that Gas Industry Co is independent of gas sector stakeholders, the report that we produce will be an independent cost-benefit analysis.

As a result, we are confident the process we are undertaking already meets the request in your letter. In particular, Gas Industry Co will be publishing a preliminary assessment in early February and inviting stakeholder feedback on our analysis. That consultation, together with reviewing the feedback with an open mind, is entirely consistent with good regulatory practice.

I trust this clarifies the situation and allays your concerns. However, if there is any aspect that you would like to discuss, please do not hesitate to contact me or one of the team.

Yours sincerely



**Steve Bielby**  
*Chief Executive*

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