

5 February 2018

Steve Bielby
Chief Executive Officer
Gas Industry Company
PO Box 10-646
WELLINGTON

Submitted via GIC website

Dear Steve

FY2019 Work Programme and Levy

First Gas is pleased to make this submission to the Gas Industry Company (GIC) on its consultation paper "FY2019 Work Programme and Levy" dated 7 December 2017.

Levy funding requirement

We support GIC's proposed work programme for the 2019 financial year and are comfortable that the GIC has kept its resourcing and budgetary requirements to an acceptable level.

We agree it is appropriate for the GIC to increase levies and fees in periods *where there is heightened activity and resource requirements*. The flat to dropping profile for levies across the last five years has reflected a steady work programme for the GIC. FY2019 sees a more extensive work programme than prior years including finalising and embedding a single transmission code. To achieve the work programme as detailed in the consultation document the GIC requires greater resourcing and funding.

In supporting the proposed increase in levies, we appreciate the GIC has considered carefully their requirements. We anticipate that while resourcing and project funding may be refined during the year, the increase in levies will be shown to have been necessary and levy funds will not need to be refunded to levy payers.

Transmission access code project

First Gas has valued the opportunity to co-lead the development of a single gas transmission access code (GTAC) with the GIC. This is an important development for the gas industry, building on the opportunity arising from First Gas owning and operating all of New Zealand's open access gas transmission pipelines.

If the GTAC is supported, then the GIC will have particular roles to help facilitate its implementation. For example, the GTAC prescribes a role for the GIC in approving the auction terms and conditions for priority rights.

We recognise the level of resourcing that the GIC has allocated to this work in FY2018 and support the budget and resourcing allocated to complete the transmission access code project in FY2019.

Process undertaken

We have found the GIC's proactive and early initial engagement with the industry through the November co-regulatory forum to be a valuable component of the development of the annual workplan. It provides an opportunity for the industry to discuss issues for the coming year and longer term and assists in our understanding of where the GIC believe it needs to focus its efforts in the coming year.

To develop the work plan, the GIC considers where time and resources will be required. This highlights potential resource constraints. We appreciate the need to allocate time and resources as early as possible as we must do the same ourselves. To assist in our internal planning, it would be helpful if the GIC could provide an indicative schedule of timing for the proposed programmes of work.

If you have any questions regarding this submission, please contact me on 027 472 7798 or via email at Karen.Collins@firstgas.co.nz.

Yours faithfully



Karen Collins
Regulatory Manager