

18 August 2016

Ms. Keston Ruxton  
Manager, Input Methodologies Review  
Regulation Branch  
Commerce Commission  
Wellington

Dear Keston,

[Submission on draft determinations for Gas Transmission Services and Gas Distribution Services](#)

This is First Gas' submission on the draft determinations for the *Gas Transmission Services Input Methodologies Determinations 2012* and *Gas Distribution Services Input Methodologies 2012* published by the Commission in June the 22<sup>nd</sup> 2016.

We have decided to do one submission for Transmission and Distribution. Our comments are presented in the following tables:

Gas Transmission Services Input Methodologies Determinations 2012		
Part	Section	Comment
Part 1	1.1.4(2)	<b>67<sup>th</sup> percentile estimate of WACC</b> (b) should be 4.4.5 (2) instead of 4.4.5 (4) for the post tax estimate of WACC. (c) should be 4.4.5 (2) instead of 4.4.5 (4) for the post tax estimate of WACC.
	1.1.5	<b>Next closest alternative approach</b> Several parties have suggested that this section needs more detailed review. We agree, and in particular consider that clauses (3) and (5) may present an unnecessary burden on the process of applying a next closest alternative.
Part 3	3.1.3(8)	<b>Compressor fuel gas as a recoverable cost</b> We do not agree with the way that this clause has been drafted. If we follow the Commission's approach then an improved drafting could be: "... the requirement is that the amount that may be recovered must be less than the net costs that would have been incurred if the supplier had undertaken balancing actions with an equivalent effect." We recommend further work on this provision (and clause 3.1.3(1)(b) as well), and are happy to contribute to that effort.

Gas Distribution Services Input Methodologies Determinations 2012		
Part	Section	Comment
Part 1	1.1.4(2)	<b>67<sup>th</sup> percentile estimate of WACC</b> (c) should be 4.4.5 (2) instead of 4.4.5 (4) for the post tax estimate of WACC.
	1.1.5	<b>Next closest alternative approach:</b> Several parties have suggested that this section needs more detailed review. We agree, and in particular consider that clauses (3) and (5) may present an

		unnecessary burden on the process of applying a next closest alternative.
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We appreciate the opportunity to comment on the drafting. Please feel free to contact me at any time at michael.grasty@firstgas.co.nz or in our Wellington office on 06 460 2548.

Kind regards



**Michael Grasty B.**  
Commercial Analyst