



20/8

13 August 2004

Commissioner D Bates QC
Gas Pipelines Inquiry
Commerce Commission
P O Box 2351
WELLINGTON

Email: gaspipelinesinquiry@comcom.govt.nz

Dear Commissioner Bates

**CROSS-SUBMISSION RELATING TO THE GAS CONTROL INQUIRY
DRAFT REPORT OF 21 MAY 2004**

Wanganui Gas Ltd's Energy Division (WGL-Energy) would like to thank the Commerce Commission for this opportunity to make further comment on the Commission's "Gas Control Inquiry - Draft Report and the presentations made to the Commission's July Conference. This cross-submission is separate to, and independent of, WGL's Network Division cross-submission that will be provided to you separately.

Vector's responses to Commissioners' questions.

1 Billing in advance

In our oral submission to the Conference we expressed our concern about the operational behaviour of some gas network companies that in our opinion impose unnecessary costs on gas retailers.

During the Vector Ltd (Vector) presentation Mr Van Brink responded to a question from the Chair about the practice of billing in advance. In his response Mr Van Brink is recorded as saying (Transcript of conference proceedings day 3, Tuesday 27 July, page 197, lines 8 to 16) that in effect Vector did offer to move from billing in advance to billing in arrears in both 2001 and 2002 but that three of the retailers, including Wanganui Gas, were not keen to make the move.

WANGANUI GAS LTD.

179 St. Hill Street, P.O. Box 32, Wanganui, New Zealand
Telephone: (06) 349 0909 (All Departments and After Hours) Fax (06) 349 0138 (Corporate and Commercial)
Email: enquiries@wanganuigas.co.nz

We believe that Mr Van Brink's comments are not a correct representation of the discussions that took place at those times and have approached Vector about those comments. We understand that in its cross-submission Vector will be expanding on Mr Van Brink's comments to ensure that the Commission is more fully apprised of the facts relating to this matter.

2 Prudential Requirements

Consistent with both its written submission and oral presentation WGL-Energy accepts that network companies have to manage the risks that they face in providing their services. We also accept that Vector applies its policy consistently across the various retailers that are signatories to their network services agreements.

However we consider that once a retailer has established a trading history with a record of consistently meeting the due dates for settlement of accounts Vector should be prepared to relax their prudential requirements as do the other network operators.

WGL-Energy would be happy to discuss these matters with the Commission in greater detail if required. If there is a need to provide further clarification or any general queries please contact Mr Jim Raybould, Commercial Manager on 06 349 0126 or by email at Jim.Raybould@wanganuigas.co.nz.

Yours sincerely

A handwritten signature in black ink, appearing to read 'T. Goodwin', with a stylized flourish at the end.

Trevor J Goodwin
Chief Executive