

**GAS PIPELINES INQUIRY CONFERENCE
DRAFT FRAMEWORK PAPER
INFORMATION TO BE PROVIDED**

During the conference a number of presenters agreed to provide further information to the Commission. The information to be provided is recorded below.

The Commission requests that all further information is provided by 5pm Thursday 11 September. Where possible, the information should be provided in electronic form. Emails containing the information should be sent to david.steele@comcom.govt.nz. The Commission intends to make this information available on its website, so that other parties can make cross-submissions on it if they wish. Parties providing further information should indicate which items of information, if any, is commercially sensitive, and give reasons why it should not be made publicly available.

Contact Energy

1. Additional information on Contact Energy's 'Services Definition' with respect to the Inquiry.
2. Information on whether any elasticity studies have been undertaken in New Zealand or other markets.
3. Clarify whether there are higher margins per customer for the gas retailing or electricity retailing businesses.
4. Break down of the gas retail customers lost, the retailer they were lost to and whether that retailer retails gas and electricity.

Powerco

5. A percentage breakdown of total customer numbers and revenue for the industrial, commercial and residential gas sectors.
6. Specific examples of the costs associated with switching from gas to other fuels for commercial and industrial customers.
7. The average length of gas transport contracts for industrial and commercial consumers.
8. Summary of pricing structures for:
 - a. industrial customers that have a by-pass option; and
 - b. industrial customers without a by-pass option.
9. The percentage of revenue obtained from the gas pipeline business.

10. The level of expenditure on maintenance and renewal since 1997.
11. The return on investment using historic cost and ODV for 2001, 2002 and 2003.
12. The level of price advantage required before consumers switch to gas from alternative fuels.
13. The level of difficulty for industrial businesses to switch from gas to other fuel types.
14. The degree to which the Australian Government has accepted the Productivity Commission's findings.
15. Reference documents relating to the Productivity Commission.
16. Information about other terms agreed with the State of Tasmania related to the "regulatory holiday" of 7 years.
17. Information on intangibles and easements including
 - a. How other regulators treat intangibles (including easements) within the asset base;
 - b. The methodology used by Powerco in its statutory accounts to value intangibles and easements;
 - c. The quantity of easements owned by Powerco and the total value associated with them; and
 - d. Information relating to the legislation controlling easements.

PEANZ

18. Information on the impact of gas transport charges on returns to explorers in a gas constrained market.
19. Examples of proven gas discoveries off the East Coast of New Zealand.
20. Information on the extent to which pipeline access issues may have constrained development of Westech's Upper Wairoa field.
21. Information on whether it would be efficient to (assuming a large gas find off the east coast of the South Island):
 - a. Transport gas from the South Island to the North Island to produce electricity; or
 - b. Build a gas fired electricity plant in the South Island and transport the electricity north.

Wanganui Gas

22. By-pass pricing information including percentage of customers subject to by-pass pricing, the difference between by-pass prices and non by-pass prices and the by-pass guidelines/protocols that are used to identify consumers that may be subject to by-pass and set prices for those consumers.
23. The treatment of intangible assets (including easements) by WGL in statutory accounts.
24. The Accounting Rate of Profit (ARP) and Return on Investment (ROI) figures for Wanganui Gas since 1997 and an explanation of the difference between them.
25. The target rate of return on fixed assets used by WGL and whether this target rate was reached.
26. A progress report on Gas Industry Steering Group.
27. The EECA report on barriers to growth for natural gas direct use.

NGC

28. Prices for alternative fuels resulting in changes to NGC's transmission charges and details of calculations underpinning pricing of special TSA's.
29. Energy cost (as a proportion of total costs) for a range of large gas consumers.
30. Update demand variability graph for 2002 and 2003 using NGC estimates.
31. Examples of reduction in demand from forestry and other industries facing international competition.
32. Provide information on interfuel competition over time.
33. The complete analysis of why consumers switched due to the imposition of a fixed charge (May 2003).
34. The historic trend in numbers, volumes and revenue associated with special TSA's.
35. Information on intangibles and easements including:
 - a. How other regulators treat intangibles (including easements) within the asset base;
 - b. The quantity of easements owned by NGC, the total value of these easements, and the methodology for valuation of easements;
 - c. The easement valuation methodology for the Moomba to Sydney pipeline case.

VECTOR

36. The financial information and analysis for the competition activity examples provided.