



16 June 2003

Paul Melville
Gas Pipelines Inquiry
Commerce Commission
Level 6, 44-52 The Terrace
WELLINGTON

Dear Paul

Gas Pipelines Inquiry – Process and Preliminary Issues

1. NGC refers to the Commission's media releases of 16 May and 30 May 2003, inviting submissions on the process the Commission proposes to follow for the inquiry into gas pipeline (transmission and distribution) services.
2. NGC takes the opportunity to make submissions on the following areas:
 - the content of the framework paper and the output of the conference on the framework paper;
 - the timing of the inquiry; and
 - the treatment of confidential information.

Framework Paper

3. NGC welcomes the provision for publication of a framework paper, written submissions on it and a subsequent conference. Each will offer further opportunity for the Commission and interested parties to exchange views on what are substantial, complex issues.
4. In NGC's view, a significant issue will be the legal framework to be applied under Part IV of the Commerce Act 1986. For this reason, NGC considers it vital that the legal approach to the inquiry be correctly determined at the outset. The scope of the inquiry, the choice of any methodology and the application of that methodology are all dependent upon that approach.
5. NGC anticipates that the Commission will address this issue in the framework paper. For that reason, NGC has deliberately not offered comments on it at this stage of the process. However, NGC expects that interested parties will make substantial submissions on the correct approach after publication of the framework paper. NGC considers that there is a high chance that the Commission will have to revisit its view of the correct legal framework and the appropriate questions to be answered by the inquiry after conducting the initial conference in September 2003.
6. For this reason, NGC submits that it will be necessary for the Commission to allow for publication of a revised framework paper after the conference.

Timing

7. The overall timing of the inquiry seems manageable to us. NGC accepts that it is constrained by the requirement that the Commission provide a report to the Minister of Energy by November 2004.
8. However, for the above reasons, NGC considers that the conference on the framework paper should be moved out by at least a week to allow further time for parties to consult suitable experts, consider other parties' submissions, prepare cross-submissions, and better prepare for the conference.
9. In addition, NGC also considers that the dates for parties to make written submissions on the framework paper and the draft report be extended by at least 2 weeks. All parties will need to receive considerable input from suitable experts on those documents. NGC does not consider that the Commission has allowed sufficient time for this.
10. As the inquiry will affect the whole industry, it is desirable that it not take longer than necessary. The small changes suggested above should be able to be accommodated by slight reductions in the five and six month periods allowed for the draft and final decisions respectively.

Confidentiality

11. The Commission has indicated that material will be proactively disseminated unless it accepts there is good reason for maintaining confidentiality.
12. It has not yet indicated how interested parties should treat confidential information in their submissions, how it will decide whether such material is in fact confidential, or how it will ultimately deal with confidential material. NGC would appreciate early clarification of the Commission's policy in this regard.
13. NGC suggests that the approach taken in the airports inquiry would be appropriate. However, NGC considers that there should be a process available to review decisions made by the Commission to disseminate confidential information. Any such process should recognize the right of the submitter to be heard, and give the Commission an opportunity to change its mind before making confidential information public.

Yours sincerely

Dr Paul Hodgson
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