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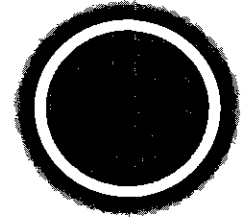
To <i>Cas Pipelines Inquiry</i>	Facsimile Number <i>04 924 8700</i>
Company <i>Commerce Commission</i>	
From <i>Nigel Barber</i>	Date
Subject	

Total Pages Including Header

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POWERCO

letter follows



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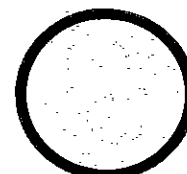
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16 June 2003

Gas Pipeline Inquiry
Commerce Commission
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Dear Sir/Madam,

COMMENTS ON PROCESS FOR GAS PIPELINES INQUIRY

1. We refer to the Commission's Media Release of 30 May 2003.
2. The Commission has invited submissions on the process it proposes to follow for the inquiry into gas pipeline (transmission and distribution) services (the "Inquiry").
3. We note that you have specifically requested that we do not comment on matters of substance (for example, whether or not control should be imposed) but confine ourselves to at this stage commenting on matters of process. We look forward to providing comments on substantive issues in due course.

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Proposed Process

4. Powerco is concerned that the proposed timeframe for the various procedural steps may be too truncated. The subject matter of the Inquiry is complex and very important. Adequate time must be given to enable careful consideration of the Commission's reports, and for the preparation of submissions.
5. Prior experience with both the Airports and Electricity Lines Businesses Inquiries shows that some degree of slippage in the timetable is likely. Powerco suggests the Commission give consideration as to whether further time should be allowed at the outset of the Inquiry rather than in an ad-hoc fashion as the Inquiry progresses. This would not need to impact on the date of the Final Report, which the Minister has set as 1 November 2004.
6. We also note that the timetable makes no provision for cross-submissions and suggest that this should be provided for.

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Provision of Information by Commission

7. Powerco supports the approach proposed to the provision of information by the Commission. We wish to emphasise, however, the importance of information being made available either on the Commission's website or via public release, in as timely a fashion as possible.

General Comment

8. By way of general comment, Powerco notes that one of the biggest issues facing New Zealand (and consequentially a barrier to the Government's objectives for economic growth) is under-investment in infrastructure. This under-investment has been recognised by the Government (see 9 April 2003 News Release by Hon Jim Anderton, Minister of Economic Development). As Powerco has submitted to the Commission in relation to the regulation of Electricity Lines Businesses - regulatory risks are detrimental to investment in infrastructure. From a national interest point of view, failure to invest in infrastructure in a timely manner will have serious consequences.
9. The Commission is likely to be aware that New Zealand has limited gas connections, in fact only approximately one-in-eight electricity consumers has the option of immediate conversion to gas as connection numbers (from limited gas asset investment) are around 220,000 compared to electricity connections of approximately 1,600,000.
10. In overseas regimes, which focus on controls of gas distribution the investment market has effectively frozen with the Governments now having to fund the gas infrastructure needed to provide the competitive alternative to electricity.

Yours sincerely



Steven Boulton
Chief Executive