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COMMENTS ON PROPOSED FINAL AUTHORISATION PROCESS

1. Vector welcomes the opportunity to comment on the '*Authorisation for the Control of Supply of Natural Gas Distribution Services by Vector Ltd and Powerco Ltd Proposed Process Paper*' ("paper"), published by the Commission on 17 November 2005.
2. Vector appreciates the Commission's initiative to provide clarity early in the process to be used for the making of a final authorisation with respect to controlled gas pipeline services. As a suggestion to allow businesses to better plan and coordinate resources in responding to information requests and consultation papers, it would be helpful if the Commission was more specific around timing when indicating items in the timetable (for example, indicating for each item whether it is likely to occur at the end or the beginning of the month).
3. The Commission's proposed process recognises the possibility of a thresholds regime being introduced for gas pipeline businesses and the need to be mindful of that process. Although the enabling legislation has not yet been introduced, we agree that it is important for the Commission to take that process into account.
4. We also note the Commission's proposed overall timeframe for issuing a final authorisation is less than 12 months. Similar processes overseas are usually undertaken over significantly longer time frames. For example, the Essential Services Commission of Victoria recently spent 20 months to complete its electricity distribution price review for the 2006-2010 regulatory period. A similar review completed by IPART (New South Wales) in June 2004 took 19 months to complete. Vector notes the Commission has recognised the possibility of delays in completing the process, which may result in the need for an amended provisional authorisation to be issued.

5. We also note that the proposed process does not explicitly allow for consultation on the wording of the final authorisation. Such a process, even with a very short time frame (e.g. - five working days) would be helpful to ensure that the wording best gives effect to the Commission's final decisions and does not create any unintended effects.

6. Vector notes that the Commission has recognised in the paper the possibility of accepting an undertaking with respect to controlled services, instead of making a final authorisation. It is important, in Vector's view that the Commission remains open to this possibility and, to the extent possible, allow for the development of such an undertaking.

7. Vector is fully committed to working with the Commission constructively throughout this process. Should you require further assistance, please contact me (paul.hodgson@vectornetworks.co.nz; 04 462 8777) in the first instance.

Regards

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