



**Submission to the Commerce Commission
on its Initial default Price-Quality Path for
Gas Pipeline Businesses: Form of Price
Control**

From

Contact Energy Limited

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Introduction

Contact Energy Limited (“Contact”) welcomes the opportunity to provide feedback to the Commerce Commission (“CC”) on its Initial default Price-Quality Path for Gas Pipeline Businesses: Form of Price Control. Contact’s answers to the CC’s questions follow.

For any questions related to this submission, please contact:

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General Comments

Contact supports the application of different forms of price controls for transmission and distribution services due to the very different nature of the businesses. Contact is particularly interested in price controls for gas transmission businesses that are able to facilitate the lumpy, infrequent investments in pipeline capacity that are typical of the requirements to meet the timely economic investment in generation.

This also extends to gas transmission businesses having mechanisms to be able to incrementally invest in existing assets so that firm supply is maintained until more significant investments are able to be made in transmission assets.

Contact expresses no specific view on the form of price control but would prefer a control method that best incentivises investment.

The regulations that are now in place for Transpower have seen investment in electricity transmission due to a framework for approval of Grid investments and a transparent means of recovering the substantial asset investments through the pricing methodology. Contact would also like to see similar transparent mechanisms in place for gas transmission.