

Tricia Jennings  
Project Manager, Gas DPP 2017 Reset  
Regulation Branch  
Commerce Commission  
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(via email to [regulation.branch@comcom.govt.nz](mailto:regulation.branch@comcom.govt.nz))

19 August 2016

Dear Tricia

**RE: Cross Submission on Default Price Path Reset for Gas Pipeline Services from 1 October 2017**

1. This cross submission is made by the Major Gas Users Group (MGUG) on the Gas DPP 2017 Reset Paper (more particularly the submission by First Gas on the Gas DPP 2017 Reset paper).
2. We disagree with an assertion made by the First Gas submission of 4 August 2016 (on second page) wherein First Gas notes “Our transmission prices are a small fraction of delivered gas costs..”and “even a volatility limit of 100% could be considered manageable”.
3. Looked at from a total transmission system perspective some of our members are incurring transmission cost of around \$2.0/GJ. This is not, in the context of delivered gas costs, a small fraction or trivial.
4. To suggest a volatility limit of 100% would mean a doubling the cost. That should not be characterised as manageable. As discuss in our submission we support a price cap (Paragraph 14) of 10% which we believe is sufficient to achieve the Commission’s purpose.

Yours sincerely



Richard Hale  
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Secretariat for the Major Gas Users Group