

27 February 2003

Mr Guy Launder
Chief Adviser
Market Behaviour Group
Commerce Commission
PO Box 2351
WELLINGTON

By email to guy.launders@comcom.govt.nz cc rachel.owens@comcom.govt.nz

Dear Sir,

Commerce Act 1986: Application for authorization of a restrictive trade practice. Ref: J5659 Preussag/Shell/Todd

In response to the above application, we make the following comments.

Carter Holt Harvey currently use about 6.1 PJ pa of natural gas making it the largest consumer outside the Electricity Generators and Methanex. We also use about 2.9 Million litres pa of Butane for kiln drying at one of our sites.

We believe that 'separate' as opposed to 'joint' marketing of the Pohokura gas would provide a more competitive result and provide better opportunities for Industrials to obtain lower prices. However we are led to believe that the former method would create time delays in bringing the field to market. This would be a significant issue if it were in fact the case. Nevertheless authorization out to 2020 would seem unacceptable. Post Maui we believe that separate marketing should be required.

The hold Shell and Todd have on the Gas Industry in New Zealand is far from competitive and any move to further consolidate this would seem to be moving in the wrong direction. We note the comment by Charles River Associates that joint marketing of Pohokura gas is actually pro-competitive from a gas production viewpoint although cannot see why this should be.

We would like to be kept informed as to progress on this application.

Yours sincerely

Russell Longuet
Manager Energy
Carter Holt Harvey Ltd