

NOVA GAS LTD

Todd Building

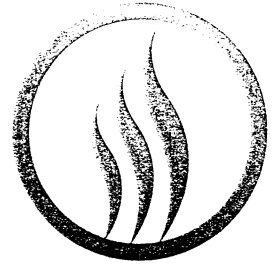
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public



27 February 2003

Rachel Owens
Commerce Commission
PO Box 2351
WELLINGTON

Dear Ms Owens

Submission re application for authorisation of a restrictive trade practice – Preussag/Shell/ Todd.

As a distributor and retailer of gas in New Zealand Nova Gas has a keen interest in the competitiveness of the upstream wholesale market. Once Pohokura gas is in production it must improve competition at the wholesale level by adding at least one new competitor to that market, and preferably two or three.

We can appreciate and understand the added commercial and operational complexity involved for the Pohokura JV parties if they were required to sell gas separately. In our opinion the market will be better served by allowing joint marketing and therefore bringing new gas to the market as soon as possible. Separate marketing could delay development of the field, and may actually increase wholesale prices because of risk of gas shortages and the added complexity and cost for the JV parties.

In our opinion all Pohokura gas is likely to be contracted by the large electricity generators regardless of whether there is joint or separate marketing by JV parties. This means that smaller retailers will have to purchase from the electricity generators at a higher price and with limited competition. In some cases they will be purchasing from their competitors in the retail markets.

In summary, we support the application

Thank you for the opportunity to make this submission, I am happy to discuss further if you require.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Graeme Clearwater', written in a cursive style.

**Graeme Clearwater
Business Unit Manager**