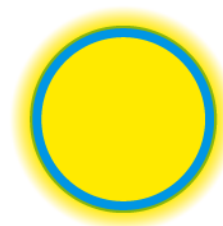


31 January 2013

Dave Gunnell  
Senior Analyst  
Regulation Branch  
Commerce Commission  
Wellington

[Sent by email to: regulation.branch@comcom.govt.nz ]

**POWERCO**



Dear Dave

**Powerco Submission on *Potential amendments to input methodologies for gas pipeline services for February 2013***

Powerco welcomes the opportunity to make a submission on the consultation document, *Potential amendments to input methodologies for gas pipeline services for February 2013*, published by the Commerce Commission (Commission) on 21 December 2012.

The Commission has proposed six changes to the input methodologies applying to gas pipelines services. Three changes are corrections of errors in the current input methodologies (an erroneous tax deduction term in the term credit spread differential calculation, incorrect bolding of controllable opex and incorrect references to electricity distribution). Powerco supports these corrections.

The Commission also proposes to adjust the relevant definitions of notional deductible interest for the treatment of taxation to reflect a mid-year cash flow timing assumptions. Powerco also supports this change.

Two changes only apply to the gas transmission input methodologies (the definition of balancing gas and inclusion of EGCC levies in pass through costs) and we have no comment on the changes given they do not impact gas distribution.

Yours sincerely

A handwritten signature in blue ink that reads "Charlotte Littlewood".

Charlotte Littlewood  
Regulatory Manager