

20 February 2012



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Greig Hinds
Gas Industry Company
PO Box 10-646
Wellington

Dear Greig

**Submission on the Proposal to Change the
Wholesale Levy Collection Method**

1. Vector Limited ("Vector") welcomes the opportunity to make this submission on the GIC's *Proposal to change wholesale levy collection method*, dated 10 February 2012. No part of this submission is confidential and Vector is happy for it to be made publicly available.
2. Vector **does not support** the GIC's proposal to change the method of collecting the wholesale levy. Vector believes the costs of the proposed change would override any benefits. It may make processes simpler for the GIC but they would be a lot more complex for the industry, particularly wholesale levy payers.
3. Vector considers that the current wholesale levy arrangement, despite its limitations, is reasonably workable. Vector does not have any issue with the GIC returning levy monies to industry participants at the end of a fiscal year; it is a 'nice problem' for the GIC to have.
4. The amount of approximately \$141,000 that was over-collected from wholesale levy payers in FY2011, which was provided as an example in the GIC's consultation paper, is inconsequential compared to what it would cost wholesalers to change their processes to accommodate the proposed change. The likely change would be wholesalers having to agree an estimated figure with their customers and doing a wash up at the end of the year, once the GIC had completed its wash up.
5. Should the proposed change be implemented, however, Vector recommends that the GIC publish an estimated wholesale levy to provide wholesale levy payers the basis for charges to their customers.

6. If you have any questions, or require further information, please contact Luz Rose, Senior Regulatory Analyst, on 04 803 9051 or Luz.Rose@vector.co.nz.

Kind regards

A handwritten signature in blue ink that reads "B Girdwood".

Bruce Girdwood
Manager Regulatory Affairs