



Office of Hon David Parker
Minister of Energy
Minister Responsible for Climate Change Issues
Minister for Land Information

27 JUL 2006

26 JUL 2006

Christine Southey
Chief Executive Officer
Gas Industry Company
PO Box 10 - 646
WELLINGTON

Dear Christine

Thank you for your letter of 4 May 2006 attaching the recommendation on an arrangement for a model consumer gas contract.

I am grateful to receive this recommendation. I regard improved gas consumer outcomes, of which model consumer gas contract terms and conditions are an important component, as a key deliverable of the gas co-regulatory model.

I recognise the merits of your recommendation to adopt the Gas Code of Practice (the Code) of the Electricity & Gas Complaints Commission (EGCC) Scheme as the model consumer contract. I note that this approach was supported by the great majority of stakeholders in the consultation process, which was a robust and comprehensive process.

The strong direct linkage and dependency between the proposed model consumer contract arrangement and the EGCC Scheme means that it would be inappropriate for me to formally approve this arrangement until such time as I have approved the EGCC Scheme. To ensure alignment of the approval of the EGCC Scheme for gas and electricity, I do not intend to formally approve the Scheme until it has been expanded to cover landowner and occupier disputes. I understand that this is now scheduled to be completed by October 2006. I also note that there are several contractual matters which are not yet reflected in the Code. I expect these issues to be addressed prior to my formal approval of the model consumer contract arrangement.

At this time, therefore, I agree with the model consumer contract arrangement in principle and strongly encourage the GIC and the industry to implement the proposed measures to put this recommendation into effect prior to my formal approval. I urge the GIC to continue to promote participation in the EGCC Scheme by current non-members and expect the GIC to meet its commitment to formalise an arrangement with the Consumers' Institute to adequately monitor retailers' and distributors' compliance with the Code.

I congratulate you on the good work that you have undertaken to develop this model consumer contract arrangement and look forward to receiving a recommendation from the GIC for its formal approval once the EGCC scheme has been expanded and approved.

Yours sincerely

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

David Parker
MINISTER OF ENERGY