

30 June 2017

Ben Gerritsen
General Manager – Commercial and Regulation
First Gas Ltd
(via email to info@gasindustry.co.nz)

Dear Ben

**RE: Submission on Preliminary Draft Code Changes to Transition from VTC and MPOC to GTAC
– First Gas Paper dated 15 June 2017**

1. This is a submission on behalf of the Major Gas Users Group (MGUG) on the above paper dated 12 May 2017 and discussions at the industry workshop on 22 May.
2. Nothing in this submission is confidential and some members may choose to make separate submissions.
3. MGUG was established in 2010 as a consumer voice for the interests of a number of industrials who are major consumers of natural gas. Membership of the Group includes:
 - Ballance Agri-Nutrients Ltd
 - Oji Fibre Solutions (NZ) Ltd
 - Fonterra Co-operative Group
 - Goodman Fielder New Zealand Limited
 - New Zealand Steel Ltd
 - New Zealand Sugar Company Ltd
 - Refining NZ
4. MGUG is generally supportive of the transition plan and approach. Our submission covers the following points in the paper.

Objectives for the transition process

5. We agree with the objectives for the transition process. We anticipate that FG will have to balance competing objectives in bringing the VTC and MPOC together in a comprehensive way, within the relatively short timeframe indicated. There may be matters requiring more time to resolve. We believe the process should not rule out the possibility of deferring some matters for later finalisation/subsequent code change if that was a pragmatic way to ensure the timely completion of the GTAC.

Opportunities for parties to influence GTAC design and implementation

6. We agree the approach of using the GIC (to assess whether the GTAC better meets requirements of the Gas Act/Gas Policy Statement than the status quo) is preferable. It is hard to avoid the conclusion that there will be different impacts on different stakeholders and so the risk of hold-out may be high.

Options for deciding whether the substantive conditions have been fulfilled

7. MGUG does not support voting as the method for determining fulfilment of the substantive conditions. This would require a process in itself to determine who are the “interested parties” entitled to vote, which could be prolonged and contentious.
8. In our view a voting process
 - a. could effectively disenfranchise end users from having any influence in the debate.
 - b. elevate the risk of hold out and delay the process.
9. The value of GIC review against the Gas Act/GPS is that it does provide some degree of enfranchising, which would not exist under the voting scenario. Furthermore the Gas Act and GPS provide the legislative framework for governance of the industry; MGUG considers that review against the legislative framework is likely to achieve a more robust and more resilient framework for accessing pipelines, providing maximum benefit across the range of stakeholders.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R Hale', with a large, stylized initial 'R'.

Richard Hale : Len Houwers
Hale & Twomey Ltd : Arete Consulting Ltd
Secretariat for the Major Gas Users Group