



9th August 2017

Ian Wilson
Gas Industry Company
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By email: info@gasindustry.co.nz

Dear Ian

MPOC Transition Change Request (TCR)

Contact Energy Limited (Contact) appreciates the opportunity to provide feedback on the TCR. The Applicant of the TCR, First Gas, state that the amendment to the MPOC is required in order to transition to the new Gas Transmission Access Code (GTAC) which is the code that will replace both the MPOC and the VTC. The current MPOC does not allow for a termination date and the intention is that the TCR will allow a termination date on satisfaction of a number of provisions.

In Contact's view there are a number of material provisions requiring satisfaction which it finds unacceptable and that it therefore cannot support as it is currently drafted. These are outlined below.

1. The TCR conditions are satisfied on notice no later than 40 business days before the new code date.

The time is in Contact's view too short to implement any changes which may be required to continue to transport gas on the transmission system. This is particularly so in respect to the new Information Technology system (see 4 below)

2. The new code is materially better than the current terms and conditions.

Contact notes that the Gas Industry Company (GIC) has provided guidance on how this will be determined and that provides some comfort to Contact. However we believe this should either be codified or agreed by way of a Memorandum of Understanding between First gas and GIC. It does appear that given the GTAC replaces two codes it could be a reasonably low bar to say it is material better. However the two codes address two quite distinct user groups with different drivers on two quite different pipelines and therefore the guidance on consultation and assessment needs to be fully understood and complied with. It is likely there will be winners and losers under the new code and the GIC must be cognisant of that and balance those wins and losses against the Gas Act and its objectives.

3. The VTC and associated transmission services agreements are terminated on the new code date.

Shippers have been advised that the existing Supplementary Agreements (SA) will not change under the new code however as a party to a SA, Contact has nothing in writing to this effect and may not have this until at the latest 40 business days before the new code date. Similarly for Welded Party connection agreements. Contact believes there should be individual consultation and assurances on future agreements sooner. With differing cost

structures under the GTAC parties to SA may be disadvantaged or exposed to relatively higher costs.

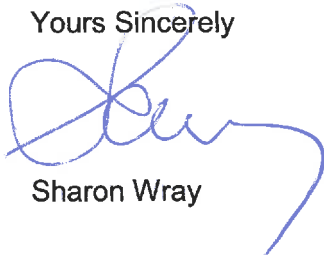
4. The information technology systems required to implement the new code are fit for purpose and ready to be put into production on the new code date.

Contact currently use an in-house IT platform to run its gas book including capacity and nominations. This will require replacing under the new GTAC. That replacement then needs to be integrated with the First Gas system. To do this with 40 business days' notice would be impossible given specification, building and testing requirements. It is conceivable that even short term upgrades to the current system could take longer.

This has been flagged as a high risk milestone previously but no further information has been provided on the expected timeline of the procurement, testing and implementation dates to First Gas before those of third parties are considered. Contact believes that the TRC should specify that for all uses the system will be fit for purpose and ready for production. The GTAC IT system also needs to be at this stage at least 6 months prior to the new code date in order to allow time for other users to set up their systems.

Contact is happy to discuss any of the points made above and looks forward to further workshops in order to progress the development of the GTAC.

Yours Sincerely



Sharon Wray