

12th May 2017

Gas Industry Company
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Emailed; ian.wilson@gasindustry.co.nz

Dear Ian

Gas Transmission Access Code – Governance Options Paper April 2017

Contact Energy thanks the Gas Industry Company (GIC) for the opportunity to make submissions on the Gas Transmission Access Code – Governance Options Paper prepared by Concept Consulting group Limited (the Paper).

Contact believes that the code change process that the Paper specifically addresses was extensively worked through by industry participants for the Vector Transmission Code (VTC). And as a result Contact feels comfortable with that approach.

Specific answers have been provided to the questions posed in the paper as attached. We look forward to further discussion on this matter and the development of the Gas Transmission Access Code (GTAC) at the next workshop.

Yours Sincerely

A handwritten signature in blue ink, appearing to read "Sharon Wray".

Sharon Wray

SUBMISSIONS TEMPLATE

Gas Transmission Access Code – governance options

All feedback is welcome, but it would be helpful if submitters could consider and respond to the questions below.

Submitters are also free to include any further comments in their responses. **Feedback is invited by 12 May 2017.**

Question	Feedback
<p>Q1: The report recommends that code changes could be proposed by parties bound by the terms of the code, gas users and gas market operators. Do you agree with the reasoning and recommendation?</p>	<p>Given the complexities of the code and operational use we expect those best placed to propose code changes are those with the contractual nexus and therefore responsible for the obligations and liabilities imposed by the code.</p> <p>However we believe there is value in allowing gas users and market operators the opportunity to propose changes and be involved in the submission process as this should enable innovation.</p>
<p>Q2: The report recommends that code changes should be consulted on and refined through a process similar to the current VTC process. Do you agree with the reasoning and recommendation?</p>	<p>Yes. This was extensively debated at the time the new change request process was developed for the VTC and we do not believe the landscape has or will change to such a degree as to make this current process superfluous. It also allows for innovation and the advancement of ideas from gas users and other non-contracted parties so that they can voice issues and allow them to be discussed and debated before full commitment to defined code changes is made.</p>
<p>Q3: The report recommends that proposed code changes should be assessed against the Gas Act s43ZN criteria, and that Gas Industry Co is best placed to make that assessment. Do you agree with the reasoning and recommendation?</p>	<p>Provided that code changes follow a similar process to that under the VTC as set out in Q 2 above we agree that those proposed code changes should be assessed against the Gas Act Criteria amongst other relevant criteria. However we don't believe it follows that the GIC are best placed to make that assessment. Provided the submission requirements include a condition that the submitter must show that the change meets (or potentially betters) the objectives then any party deciding on the change can determine if this is true.</p> <p>Further Contact believes that the approval given on the proposed change request should be decided by vote from those parties who are contracted to the Code but not the gas users or market operators (unless they have contracts under the code). This again is in line with the current VTC code change process.</p>

<p>Q4: Are there any other matters that you believe are relevant to code changes and need to be considered?</p>	<p>Contact agrees with the recommendations in respect to urgent change request and uncontroversial changes as these are currently covered in this way under the current VTC process. Further that the administration of the process could be dealt with by the GIC.</p>
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