



9 October 2017

Ian Dempster
Acting CEO
Gas Industry Company Limited
By electronic upload

Ben Gerritsen
GM Commercial and Regulation
First Gas Limited
By email

Dear Ian / Ben,

RE: CONSULTATION: Revised Draft GTAC (2nd draft GTAC)

This letter accompanies GGNZ's mark-ups on the 2nd draft GTAC. Our mark-ups are a mix of detail and high-level – the latter particularly where items are still at a conceptual stage, where we still need to perform analysis, or where detailed legal review is required.

As indicated by industry at the workshop on 15 September, the 2nd draft GTAC cannot be called a “final draft” and is not sufficiently advanced for legal or comprehensive commercial review. Accordingly, FGL should not interpret GGNZ mark-ups (or the absence of mark-ups) as GGNZ support for any part of the written GTAC.

Our principal concerns are around whether arrangements are materially better (e.g. PRs, overs / unders, hourly charges and ERM charges) and workability (e.g. D+1, OFOs, and Interconnected Parties).

October will be a necessary break for industry while FGL considers submitters' mark-ups.

But come November, industry needs a plan.


FGL needs to funnel the GTAC towards something that is workable, has proper drafting, and addresses everyone's issues **before** it puts the GTAC to the GIC for review.

GGNZ considers that the only way to do this is to have a 2-3 day workshop that goes through the upcoming 3rd draft GTAC line-by-line with parties' business people and lawyers to edit the code. As the focus will be on editing, any FGL personnel who wrote the draft code should not participate in this workshop. This will be the time to check that all Trello and workshop actions / concessions have been incorporated. Any remaining decisions should also be made during the workshop. At the conclusion of this workshop, it will be clear whether or not the draft is ready for GIC review.

In the absence of such a consensus-building workshop, and confidence that FGL is listening to industry's concerns, GGNZ believes that further reviews of drafts will be inefficient and the GIC's review is likely to be conducted in a hostile context. If this eventuates, we would argue for GIC to make an agile go / no-go decision, as to whether to review the GTAC or not.

The key to a successful GTAC is having a diversity of individuals involved, including closers who can create the alchemy for a robust and resilient Code. Only together with industry will FGL find the winning recipe.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Chris Boxall', followed by a horizontal line extending to the right.

Chris Boxall
Commercial Manager