



A RESPONSIBLE CARE* COMPANY

Level 3, 36 Kitchener Street
PO Box 4299, Shortland Street – 1140
Auckland, New Zealand

T: (09) 356 9300

F: (06) 356 9301

30 June 2017

Ian Dempster
Gas Industry Company Ltd

Ben Gerritsen
First Gas Limited

By e-mail: info@gasindustry.co.nz

Preliminary Draft Code Changes to Transition from VTC and MPOC to GTAC

Dear Ian, Ben

We thank First Gas and Gas Industry Company for the opportunity to provide preliminary remarks in regard to First Gas' recent proposal¹ to submit a Change Request to insert a termination provision into the Maui Pipeline Operating Code ("MPOC").

We recognise the main concern First Gas has that 'hold-outs' may adversely impact upon First Gas ability to implement the Gas Transmission Access Code ("GTAC") in a timely manner if a termination provision is not inserted into the MPOC. However, as an existing party to MPOC we are equally concerned that a termination provision will reduce the incentive on First Gas to deliver a Code that, at least as far as Maui Pipeline users are concerned, represents an improvement over the status quo both for First Gas and pipeline users.

In the Information Paper provided by First Gas it makes a number of salient points regarding conditions that would justify termination of the MPOC that are worth repeating:

- All material outstanding concerns will have been appropriately addressed;
- The process has been robust and the code development has been conducted in good faith;
and
- The transition to the GTAC won't occur if the industry has major concerns.

None of these three points is addressed in the text First Gas has provided in its proposed application (see Section 2.1). Further, those aspects of consultation and good faith are not covered specifically within the scope of section 43 of the Gas Act. These concerns, together with the observation made by First Gas that GIC "would not be comfortable undertaking this type of evaluation" causes

¹ First Gas Information Paper, dated 15 June 2017

Methanex some apprehension that the existing parties to MPOC may be placed at a disadvantage in terms of their ability to legitimately influence development of GTAC.

As a consequence we urge First Gas and Gas Industry Company to formulate a process that gives stakeholders comfort the proposed MPOC code change will not be detrimental to good faith consultation or development of a new code that is an improvement over the existing MPOC. We believe this can be achieved by Gas Industry Company taking a wider view of its role as co-regulator to ensure that, in its assessment of the proposed GTAC, stakeholders concerns have been appropriately addressed.

Yours sincerely



Phil Watson
Methanex New Zealand Ltd