

**APPLICATION FOR GAS INDUSTRY COMPANY’S RECOMMENDATION ON PROPOSED AMENDMENTS TO THE MAUI PIPELINE OPERATING CODE (“MPOC”)**

**Date of Application:** [insert date]

**Applicant:** First Gas Limited

**Contact person:**

**DDI:**

**Email:**

---

**1. Introduction**

1.1 In accordance with the standard “Recommendation Request Form” issued by Gas Industry Company Limited (**GIC**), this application by First Gas Limited (the **Applicant**) includes the following information:

- (a) details of the amendments to the MPOC proposed by the Applicant; and
- (b) the reasons for the proposed amendments.

1.2 Please also find enclosed with this application a marked up copy of MPOC showing the Applicant’s proposed amendments in full.

1.3 In making this application, the Applicant has taken into account:

- (a) its purchase of the gas transmission pipelines formerly owned by Vector Limited and Maui Development Limited;
- (b) the requirement to operate the gas transmission pipelines purchased as a single integrated system;
- (c) the requirement to develop and implement a single pipeline operating code (**GTAC**), which will govern the access conditions and operation of the combined gas transmission system;
- (d) the results of consultations with pipeline users through individual meetings and industry workshops on the development of the GTAC.

1.4 The implementation of the GTAC requires the simultaneous termination of the Vector Transmission Code (**VTC**), and the MPOC on a specific date (**New Code Date**). The MPOC does not have specific termination provisions that envisage its replacement by another pipeline operating code. The objective of this change request is to:

- (a) insert provisions in the MPOC that allow for its termination on the New Code Date and its replacement by the GTAC; and

- (b) provide for the termination of the TSAs and ICAs governed by the MPOC, and their replacement with new shipper agreements that will be made under the GTAC, and bilateral interconnection agreements that will be offered by the Applicant; and
  - (c) set out the conditions that must be met for the changes in (a) and (b) above to occur.
- 1.5 The transition to the GTAC requires the termination of the VTC on the New Code Date. This will be achieved by setting the expiry date for the VTC to the New Code Date by means of a VTC change request. Provision will be made for Shippers using pipelines governed by the VTC to obtain new shipper agreements made under the GTAC. Existing interconnection agreements made for points governed by the VTC will continue.

## 2. **Transition Conditions**

- 2.1 The transition from the MPOC and VTC can only occur if the conditions listed in the attached change request have been met 40 business days before the New Code Date. These conditions fall into two categories:
- (a) the substantive condition which requires the GIC to have published a determination following appropriate consultation that the New Code is materially better than the current terms and conditions for access to and use of gas transmission pipelines having regard to the objectives in section 43ZN of the Gas Act 1992 and any objectives and outcomes the Minister has set in accordance with section 43ZO of the Gas Act 1992 (**Government Gas Policy Statement**);
  - (b) the procedural conditions which require:
    - (i) the Applicant to have published the New Code which includes provisions allowing:
      - (aa) all Shippers using the Maui Pipeline, and VTC Shippers using the Transmission Pipelines governed by the VTC, to continue to transport gas through those pipelines; and
      - (bb) all Welded Parties to continue to connect their respective Pipelines to the Maui Pipeline,  
  
on and after the New Code Date;
    - (ii) the VTC and all transmission services agreements incorporating the VTC to terminate on the New Code Date;
    - (iii) the Applicant to have published the New Code Date on the TSP IX; and
    - (iv) the Applicant to have delivered an executable contract to:

- (aa) each Shipper and VTC Shipper for it to continue to transport Gas through the Maui Pipeline and the Transmission Pipelines covered by the VTC;
- (bb) each Welded Party for it to continue to connect its Pipeline(s) to the Maui Pipeline; and
- (cc) emsTradepoint to allow the Trading Platform to continue functioning,

on and after the New Code Date.

2.2 Because the process of implementing the GTAC is expected to require considerable time and expense for all parties, the Applicant will require this MPOC change, the corresponding changes to the VTC, and the determination by the GIC to be in place before the implementation process for the GTAC can be commenced.

### 3. **General**

3.1 The Applicant considers that all of the proposed amendments comply with the Commerce Act 1986 and all other relevant laws.

3.2 GIC can assume that the Applicant supports the proposed amendments. However, the Applicant acknowledges that the parties to ICAs and TSAs have the right to make submissions to GIC in relation the proposed amendments.

3.3 In this application:

- (a) each capitalised term used has the meaning given to it in the MPOC; and
- (b) each section reference refers to a section of the MPOC.

**Schedule: Summary of Proposed Amendments**

Section	Issue	Proposed Change	Rationale for Proposed Change
22.15	Requirement for MPOC termination conditions to be inserted to allow for introduction of GTAC. Insert new clauses 22.15 and 22.16.	<p>22.15 In section 22.16:</p> <ul style="list-style-type: none"> <li>(a) <b>“New Code”</b> means the set of terms and conditions meeting the requirements of section 22.16(a);</li> <li>(b) <b>“New Code Date”</b> means 0.00 hours on the new code date set out in the notice posted in accordance with section 22.16(d);</li> <li>(c) <b>“VTC”</b> means the Vector Transmission Code; and</li> <li>(d) <b>“VTC Shipper”</b> means a “Shipper” as that term is defined in the VTC.</li> </ul> <p>22.16 TSP may terminate every ICA and TSA simultaneously with effect at 0:00 hours on the New Code Date subject to the following conditions being satisfied not later than 40 Business Days before the New Code Date:</p> <ul style="list-style-type: none"> <li>(a) TSP has published the New Code on the TSP IX which includes the following provisions: <ul style="list-style-type: none"> <li>(i) all Shippers using the Maui Pipeline, and VTC Shippers using the Transmission Pipelines governed by the VTC, may continue to transport gas through those pipelines; and</li> <li>(ii) all Welded Parties may continue to connect their respective Pipelines to the Maui Pipeline,</li> </ul> </li> </ul>	<p>Termination provisions are required for the introduction of the new gas transmission access code (GTAC), which will govern operation of the combined ex-Vector and Maui Pipeline gas transmission system.</p> <p>Section 22.15 provides some definitions used in section 22.16.</p> <p>Section 22.16 allows for First Gas to terminate the MPOC and all then-current TSAs and ICAs simultaneously at 00.00 hours on the New Code Date if certain conditions are met. This will allow the GTAC to come into force immediately after the MPOC and VTC have been terminated.</p> <p>In sections 22.16(a) to (e), the proposed code change sets out the conditions that must be met 40 business days before termination can occur.</p> <p>These conditions specify provisions that must be included in the New Code, require the simultaneous termination of the VTC, and the delivery of new transmission contracts to MPOC and VTC shippers and interconnection contracts to MPOC welded parties. They also require the GIC to determine that the New Code is materially better than the current terms and conditions for access to and use of gas transmission pipelines when assessed against the requirements of the Gas Act and the Government Policy Statement on Gas.</p>

Section	Issue	Proposed Change	Rationale for Proposed Change
		<p>on and after the New Code Date;</p> <p>(b) following appropriate consultation, GIC has published a determination that the New Code is materially better than the current terms and conditions for access to and use of gas transmission pipelines having regard to the objectives in section 43ZN of the Gas Act 1992 and any objectives and outcomes the Minister has set in accordance with section 43ZO of the Gas Act 1992;</p> <p>(c) the VTC and all transmission services agreements incorporating the VTC shall terminate on the New Code Date;</p> <p>(d) TSP has published the New Code Date on the TSP IX; and</p> <p>(e) TSP has delivered an executable contract to:</p> <p>(i) each Shipper and VTC Shipper for it to continue to transport Gas through the Maui Pipeline and the Transmission Pipelines covered by the VTC;</p> <p>(ii) each Welded Party for it to continue to connect its Pipeline(s) to the Maui Pipeline; and</p> <p>(iii) emsTradePoint to allow the Trading Platform to continue functioning,</p> <p>on and after the New Code Date.</p>	