

Gas Industry Company Ltd
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WELLINGTON



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To whom it may concern;

MPOC AMENDMENT PROCESS CHANGE REQUEST

emsTradepoint Limited ("**emsTradepoint**") welcomes the opportunity to provide an initial submission to the Gas Industry Company ("**GIC**") on the MPOC Amendment Process Change Request ("**APCR**"), dated 5 May 2015.

In summary, emsTradepoint reasonably ambivalent on the APCR. However, remembering the recent successful Vector Transmission Code ("**VTC**") change that put in place a similar change process, there are some material differences within the MPOC environment that might need further consideration. We outline these below together with some suggested changes to the APCR.

1. User diversity could create a deadlock

emsTradepoint is somewhat sceptical of the effectiveness of a voting-type change process as described within the APCR for the MPOC. The voting community under the VTC could generally be considered a similar user-group (i.e. Shippers) and, therefore, likely to view proposed changes in a similar commercial light and vote accordingly. However, the parties with voting rights under the proposed APCR would be diverse and often have polarising views on proposed changes.

We are concerned that a supermajority requirement for change will result in those opposing the change always having the ability to block said change. A brief analysis of previous MPOC change requests demonstrates this.

2. Net benefit and Gas Act objectives

Under the current MPOC change process, the GIC is trusted to provide an independent decision on each change request. In doing so, it takes into account industry submissions and its own analysis, and then makes a decision that must be consistent with an assessed net benefit and certain objectives set out in section 43ZN of the Gas Act 1992.

Under the APCR, no consideration would be given to the costs and benefits of a change request (other than by each individual party as measured against their specific commercial interests) and there is no requirement for a change request to be considered against the Gas Act objectives.

Whilst somewhat circular, we don't see how the current MPOC change process could deem the APCR, and its removal of independent and social testing, as being of net benefit or in accordance with the Gas Act objectives.

3. No voting abstention

The APCR has a number of automatic triggers, such as registering inaction or silence as being a positive vote in favour of the relevant change. This is contrary to good voting procedure and a party should have the right to abstain from casting a vote in certain circumstances, including;

- (a) to indicate the voting individual's ambivalence about the measure, or mild disapproval that does not rise to the level of active opposition;
- (b) when a party has a certain position about an issue, but since the popular sentiment supports the opposite, it might not be commercially expedient to vote according to its position; and
- (c) when a party does not feel adequately informed about the issue at hand or has not participated in relevant discussion.

Ordinarily a party may also be *required* to abstain in the case of a real or perceived conflict of interest.


As such, we believe the right to abstention should be included within the APCR and such abstention should not count in tallying the vote negatively or positively.

4. Anonymity

As mentioned above, a party's vote may be commercially or politically sensitive. Whilst not made explicitly clear in the APCR drafting, it seems that all votes are to be made public. We do not agree with this in a small industry such as ours. A secret ballot would be preferable and the 'counting party' (presumably Maui Development Limited as TSO) should be bound to confidentiality.

If you would like to discuss any of these matters further, please contact me on (04) 590 6843.

Yours sincerely



James Whistler
General Manager