



16 July 2010

Mr Ian Wilson
Gas Industry Company Limited
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Dear Ian

MPOC 17 December 2009 Change Request: Final Recommendation

1. Contact welcomes the opportunity to comment on the GIC's paper "*17 December 2009 MPOC Change Request: Final Recommendation*" issued July 2010 (Final Recommendation).
2. Contact has already commented extensively on MDL's 17 December 2009 MPOC Change Request (MDL Change Request) and has not changed its views.
3. Contact appreciates the difficulty faced by the GIC in making a recommendation on the MDL Change Request when it may only either support, or not support, the MDL Change Request. That necessary restriction means there is a high likelihood that the GIC will find that it cannot support change requests with wide ranging scope covering several unrelated matters.
4. We concur with the GIC's view that implementation of some aspects of the MDL Change Request should improve the MPOC albeit we consider these provisions could be improved.
5. We also agree that implementation of some aspects of the MDL Change Request would move risk from MDL to other parties contracted under the MPOC arrangements.
6. In Contact's view the benefits of the MDL Change Request do not outweigh the detriments. Moreover, Contact considers it inappropriate that changes should be made to the MPOC that move risk between the parties contracted under MPOC transmission services agreements and interconnection agreements in order to gain overall MPOC improvements whatever the magnitude of the changes in risk and the magnitude of the overall improvements. Contact therefore supports the GIC's determination that it should not support the MDL Change Request.
7. Despite the GIC's determination, MDL's efforts have not been wasted. There remains opportunity to develop change requests that build on MDL's work. The work undertaken

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by MDL will help to develop mechanisms to address balancing and provides extensive guidance on how balancing issues could be addressed.

8. Contact notes the next steps that the GIC has identified and agrees that there is opportunity to develop a suite of new change requests to improve balancing. Limiting the scope of the individual change requests should increase the prospect that at least some of the change requests will earn the support of the GIC and parties contracted under the MPOC.
9. As indicated in its submission on the GIC's Draft Recommendation, Contact intends to help develop those change requests with the participation of MDL and Vector.
10. Contact wishes to acknowledge the considerable effort MDL has made in developing the MDL Change Request.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'A. Love', written in black ink.

Senior Adviser

Contact Energy Limited