



GREYMOUTH GAS

15 July 2010

Ian Wilson
Principal Advisor – Infrastructure Access Group
Gas Industry Company Limited
PO Box 10 646
Wellington 6143

Dear Ian,

RE: MPOC 17 December 2009 Change Request Draft Final Recommendation

Greymouth Gas New Zealand Limited ("Greymouth Gas") is pleased to make a submission on the MPOC 17 December 2009 Change Request (the "Change Request") Draft Final Recommendation (the "paper") sent by the Gas Industry Company Limited ("GIC") to the industry for comment in July 2010.

Greymouth Gas agrees with the GIC's final recommendation in the paper. Greymouth Gas disagrees that there are potential net benefits. Further, there is one explicit statement in the paper with which Greymouth Gas disagrees. That statement is:

"On balance, [the GIC] favour[s] a move towards small tolerances, or no tolerances, but believe this is most simply provided for in the [Vector Transmission & Maui Pipeline Operating] codes."

Tolerances are central to balancing, whether they are addressed in future change requests or in Balancing Plans under the draft Gas Governance (Balancing) Rules. Greymouth Gas submits that GIC involvement in this issue is central to the GIC's regulatory function.

With regard to tolerances, Greymouth Gas is not aware of any report or analysis which objectively seeks to determine optimal tolerance levels and to resolve in particular:

- a) the maximum level of individual tolerances, such that aggregate tolerances are less than the difference between the upper and lower balancing gas transaction line pack trigger points, and
- b) an efficient allocation of those tolerances.

Greymouth Gas requests the GIC to undertake a report (to be made available for industry comment) addressing these issues.

Yours sincerely


Chris Boxall
Commercial Manager