



27 June 2011

Mr Ian Wilson  
Gas Industry Co  
Level 8, The Todd Building  
95 Customhouse Quay  
PO Box 10-646  
Wellington 6143

Dear Ian

**Submission on Draft Recommendation re MPOC Change Request 18 April 2011**

Contact Energy Limited ("Contact") welcomes the opportunity to provide feedback to the Gas Industry Company ("GIC") on its draft recommendation regarding the MPOC Change Request dated 18 April 2011 proposed by MDL ("Recommendation").

Contact maintains its position as outlined in its original submission dated 12 May 2011. Contact argued that MDL's intention for the amendment to the prudential requirements was to remove uncertainty in the application of ambiguous provisions and to align the MPOC with the VTC yet its changes to sections 20.3(b) and 20.4(b) do not achieve this purpose.

It is noted in the recommendation that the GIC considers the changes to credit rating thresholds do represent a substantive change, in that they do tighten the credit rating requirements. Contact therefore reiterates its previous submission that the changes to these sections do not materially add to the risk protection available to MDL; are not needed to remove uncertainty from the MPOC and do not align the sections with the equivalent VTC provisions.

Further it is unacceptable for change requests to be submitted for consideration that contain numerous changes. This leads the GIC to determine the acceptability of the change request on balance rather than on the individual components. To accept the change request as the GIC have indicated in the recommendation sets a precedent that could lead to similarly proposed requests.

The MPOC and Memorandum of Understanding ("MOU") do not appear to specifically deal with how the GIC should deal with these types of change requests. Contact recommends that MDL be asked to re-issue the current change request as two separate ones so that the issues can be dealt with discretely or alternatively one change requests that covers all changes that have not been objected to. Further in order to address this in future Contact proposes that the GIC and MDL make an amendment to the MOU so that an approval or rejection can be made in part or in its entirety.

Yours sincerely

Sharon Wray  
Fuels Market