



19 October 2012

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Dear Ian,

## **Vector Transmission Code Change Request Appeal Draft Recommendation**

### **Introduction**

1. Mighty River Power welcomes the opportunity to provide this submission on the Gas Industry Company's Draft Recommendation on Vector Transmission's (Vector) 31 July 2012 Change Request appeal to the Gas Industry Company (GIC). No part of the submission is confidential and Mighty River Power is happy for it to be publicly released.

### **Comments**

2. We do not support the change request as proposed by Vector nor do we agree with the Gas Industry Company's evaluation of the change request in their Draft Recommendation.
3. Our responses to the questions raised within the Draft Recommendation are attached in the table below.
4. With regards to the information on past disputes provided in Schedule B of the Draft Recommendation in our opinion this simply confirms that previous BPP and Transmission invoice disputes have taken too long to resolve.
5. The information provided lists only 4 BPP disputes since December 2009 the last of which was over 1 year ago in August 2011 and half of these were resolved in favour of the shipper. With regards to Transmission disputes the last dispute was in July 2010 over 2 years ago. We therefore have to question how big a problem is this?

6. More importantly the information supplied by Vector does not provide any details on who the disputes were with and what the nature of the disputes was. There is no information on whether the Vector Transmission Codes Disputes Resolution procedures were followed or not. In short there is no evidence provided to support Vector's assertion that previous disputes were vexatious nor has there been any evidence provided that their proposal on disputed invoices would result in speedier resolution of BPP and Transmission disputes.

### **Concluding remarks**

7. If you would like to discuss any of our comments directly with Mighty River Power, then please do not hesitate to contact me on 06 348 7926 or [jim.raybould@mightyriver.co.nz](mailto:jim.raybould@mightyriver.co.nz).

Yours sincerely

A handwritten signature in black ink that reads "Jim Raybould". The signature is written in a cursive, slightly slanted style.

**Jim Raybould**  
Gas Manager

## VTC Change Request Appeal 31 July 2012 - Draft Recommendation

Submission prepared by: Jim Raybould for Mighty River Power

QUESTION	COMMENT
1 <i>Do you agree with Gas Industry Co's evaluation of this proposed change?</i>	Yes

QUESTION	COMMENT
<p>2</p> <p><i>The additional information provided by Vector shows that there are a number of disputes that took a long time to resolve. Do you have any comments on the time it takes to resolve disputed invoices? What factors are you aware of that influence the time it takes to resolve disputed invoices?</i></p>	<p>Mighty River Power believes that the average time taken to resolve past BPP and Transmission disputes is unacceptably long. However the information provided by Vector is very basic, it does not include the names of the disputing parties nor does it provide any details of the nature of the disputes. Without any knowledge of the nature of the disputes or for that matter who the disputing parties were it is impossible to make any specific comments on the information provided by Vector.</p> <p>In our opinion the information supplied by Vector does not provide any evidence to support Vector’s claims that the disputes process is being use delay payments of BPP and Transmission invoices.</p> <p>We note that of the 15 BPP disputes listed 11 were between December 2008 and December 2009 and that the last dispute was over 1 year ago and the last Transmission invoice was over 2 years ago. Whilst there appears to have been an issue initially with both BPP and Transmission invoice disputes we question whether the number of disputes over the last 3 years justifies this proposed change to the VTC</p> <p>We would suggest that there are two important factors that will have the biggest influence on the time taken to resolve a dispute. Firstly as we suggested in our original submission the complexity of the dispute will certainly be a factor. The simpler the issues involved in a dispute then the quicker it should be resolved.</p> <p>The second factor that will influence the time taken to resolve a dispute will be the appropriateness of the disputes resolution procedure and equally if not more important adherence to this procedure. If the disputes process is appropriate and it is adhered to then there is no reason why disputes cannot be resolved within an acceptable target timeframe.</p> <p>We would therefore ask if with regards to the disputes listed in Appendix B of the Draft Recommendation, was the Disputes Resolution Procedure - Schedule 2 of the VTC adhered to and if not why not.</p> <p>If the Disputes Resolution Procedure was adhered to then what changes are required to Schedule 2 to ensure that disputes are resolved in an acceptable timeframe.</p>
<p>3</p> <p><i>Do you agree that the proposed change does not need to be symmetrical because: (a) in any case, a dispute may be settled by an independent expert and (b) disputes raised by Vector are likely to be mechanical in nature?</i></p>	<p>Yes</p>

QUESTION	COMMENT
<p>4</p> <p><i>Do you agree with Gas Industry Co's evaluation of this proposed change? Do you have any evidence to suggest that Vector's claims are incorrect?</i></p>	<p>No we do not agree with the GIC's evaluation.</p> <p>Vector has only provided raw data which shows that disputes have taken an excess amount of time to be resolved. However Vector has not provided any evidence to support their proposition that BPP and Transmission invoice disputes are vexatious and that their proposed change will achieve their stated objection of shortening the time taken to resolve disputes.</p> <p>Vector has simply stated its opinion that disputes would be resolved quicker if shippers were required to pay 50% of the disputed amounts up front.</p> <p>Shippers who have submitted on this change request appeal are clearly of the opinion that such a change will no impact on how long a dispute will take to resolve.</p> <p>MRP is of the opinion that the question on whether we have any evidence that Vectors claims are incorrect is unfair on shippers. The onus must surely be on Vector as the proposer of the change to the VTC to provide sufficient evidence to prove their case that the current disputes process has been used by shippers to deliberately delay payments of BPP and Transmission invoices. In our opinion Vector has failed to make its case. Vector has also failed to provide any evidence to demonstrate that their proposal will achieve its objective that is to reduce the time taken to resolve BPP and Transmission invoice disputes.</p>
<p>5</p> <p><i>Do you agree with Gas Industry Co's evaluation of this proposed change?</i></p>	<p>We only agree with certain parts of GIC's evaluations of this proposed change request. In particular we do not agree with the GIC's evaluation of the potential impact of the requirement for a disputing party to pay 50% of any disputed amount. We are unconvinced that such a change will do anything to resolve disputes faster than has previously been the case.</p> <p>We do however accept that the excessive length of time that some disputes have taken to be resolved is unacceptable and creates problems for Vector. However in our opinion the solution to this problem will be found in adherence to the Disputes Resolution process. If the current process requires to be reviewed then this will be more effective in resolving BPP and Transmission disputes within acceptable timeframes than Vector's proposal requiring the upfront prepayment of half the disputed amount.</p> <p>Having carefully considered the overall change request we are of the opinion that the proposed changes to the disputes process makes the change request unacceptable and would therefore ask the GIC to reject Vector's appeal .</p>