



21 September 2017

Ian Dempster
Acting CEO
Gas Industry Company Limited
By electronic upload

Dear Ian,

RE: Report on how Gas Industry Co would perform a GTAC Change Request role dated 8 September 2017 (“the report”)

Greymouth Gas New Zealand Limited appreciates Gas Industry Company Limited (**GIC**) making the report available for consultation during First Gas Limited’s (**FGL**) consultation on the second draft of the proposed Gas Transmission Access Code (**GTAC**).

Greymouth Gas is supportive of GIC having a role in considering change requests under the GTAC and this submission assumes that the approved GTAC will contain this policy. Our comments on the report are as follows:

- i. We agree that the report should be restated and finalised as a Guideline Note (at a minimum) if / after the final GTAC is approved, including removing references to the draft GTAC and factoring in industry feedback on the report. We think that this should be:
 - a. Subject to a further consultation round if material changes are proposed, or
 - b. Accompanied by a summary of submissions if there is not another consultation round.
- ii. The report should capture GIC policy on what to do at Draft Change Request stage, when the draft GTAC says GIC will be copied into various correspondence and information. Perhaps GIC should be required to abstain from anything other than its publishing obligations. Also query what, if anything, GIC is required to do with Interested Party’s views from s17.7 of the GTAC on the Draft Change Request, as it considers the Change Request?
- iii. s3.1 should set out who is responsible for ensuring that the Change Request complies with the Commerce Act 1986. If the final GTAC does not cover this, then the final report should require GIC to review this, GIC to procure that this is reviewed, or the submitter to procure that this is complied with.
- iv. s3.2 should require GIC to adopt a principle that it allows a minimum of three weeks every time it requests submissions of industry, or four weeks if any part of that period is in December or January.

- v. s3.2 should require GIC to consider the nature of the proposed change, but:
 - a. The reference to “minor ‘tidy-up’ changes” should be removed (see vi.), and
 - b. GIC should be obliged to procure an independent cost-benefit analysis should either it consider this warranted, or more than half the Interested Parties request this. This would provide added oversight for large proposed changes.
- vi. s3.new – GIC should (for obvious reasons) be required to publish any Correction Request that it receives, and also valid notices of objection to any Correction Request that it receives.
- vii. s3.new – GIC should (for FGL accountability reasons) be required to briefly review Urgent Code Changes within three weeks after the effective date, to opine on whether it thinks the content of the Urgent Code Change was reasonable, and the process was best suited to urgency, setting out full particulars.
- viii. s3.new – contrary to the first draft of the GTAC, we think FGL should be required to table its veto to GIC as part of its submission on the GIC’s Draft Recommendation. If no veto is tabled, FGL should not be allowed to table a veto in respect of the Change Request at a later date. If a veto is tabled, GIC should:
 - a. Invite cross-submissions on the tabling of that veto,
 - b. Consider the veto and cross-submissions in the Final Recommendation, and
 - c. If GIC ultimately supports the Change Request, either approve or reject FGL’s veto.
- ix. s3.3 / 3.4 should properly reference the Gas Act and GPS using the full naming convention and a date, and make reference to those being as amended or replaced from time to time. It might be cleaner to make those changes in s3.7 and have s3.3 and 3.4 be subject to s3.7.
- x. We agree with GIC’s views in respect of s3.5 in that GIC can recommend changes, but not make those changes.
- xi. s3.new – conversely, a policy should be created if a Change Requestor wants to make changes to a Change Request during the process run by the GIC. Depending on what the GTAC says, perhaps the Change Requestor can make minor changes (if supported by FGL and / or GIC) provided this is notified to industry, but major changes (as determined by GIC) shall not be permitted. It follows that GIC should not allow a party other than the Change Requestor to consider making changes.
- xii. s3.new – the GTAC is not clear on this so GIC should form a view as to whether the Change Requestor should be able to withdraw a Change Request put to the GIC for consideration, or not (and if so, during which part of the process).
- xiii. s3.7 should remove the word ‘primarily’ as this gives GIC too much (and unlimited) discretion. We agree that the test should be made against the status quo, with reference to the Gas Act and GPL.
- xiv. s3.new – GIC should create a policy about what to do if, at any one time, it is considering two or more:

- a. Change Requests – e.g. can they be assessed concurrently, and if so, should status quo be ‘amended’ to have regard for the other Change Request/s?
 - b. Competing Change Requests – e.g. same questions as above, or perhaps GIC should consider both Change Requests in the same paper and if both would be supported, GIC would recommend the best one?
- xv. s3.7 should contain more prescription that GIC should be required to consider (vis-à-vis the Gas Act / GPS test against the status quo), such as:
- a. Productive and dynamic efficiency,
 - b. Allocative efficiency, risk and fairness, and
 - c. That parties with risks and obligations are best-placed in the supply chain to have these.
- xvi. s3.7 is unclear on the test that needs to be met. The GTAC ‘incorporation’ process is drafted to require the GTAC to be materially better than the VTC and MPOC, but presumably changes to the GTAC would simply need to be better than the status quo? What would GIC do if the changes were deemed to be the same as the status quo?
- xvii. s3.7 does not opine on whether the Change Request will be assessed as a whole, or whether each part will be considered. To avoid the risk of unfair or perverse outcomes, we think that either:
- a. Each part¹ should meet the test referred to in xvi., or
 - b. The whole should meet the test referred to in xvi. provided that no part is worse than the status quo (vis-à-vis the Gas Act / GPS).
- xviii. s3.new – particularly if this is a Guideline Note (and not an MoU), there should be a section on changes to the document. Any changes should not be able to be made unilaterally by GIC:
- a. During its consideration of a Change Request, and
 - b. In the absence of four weeks’ consultation with industry on a proposed change.
- xix. s3.new – GIC should never be able to revoke this Guideline Note once issued, except if it no longer performs a Change Request role with reference to the GTAC.

Ideally the GTAC should be amended to address some of these points. If not, then Greymouth Gas considers that the GIC’s document that gives effect to its role should be amended to address all of the above points.

Yours sincerely



Chris Boxall
Commercial Manager

¹ This will need defining, but should pertain to both common sense, e.g. if there is a change to balancing and odourisation (where each would be a part.), and to fairness, e.g. within balancing if there is a new good tool and a new bad tool (then each would also be a part).