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Mr Ian Wilson  
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Dear Ian,

**Submission on MPOC Change Request 18 April 2011**

In response to the Contact and Greymouth submissions we would make the following points:

- 1. More than one change in a single request:** We note the point. However MDL has a policy of correcting evident mistakes in the MPOC when it has the opportunity to do so and in preparing a Change Request also has to bear in mind the desire for small changes against the cost and confusion likely to be caused by addressing many separate small changes simultaneously in separate requests. Some degree of consolidation appears logical. In respect of the current Change Request, MDL did not believe that the changes to Section 4 of the MPOC constituted much of a barrier as they codified current practice and made it a future obligation. The changes to the Prudential Requirements addressed a problem which is now well-known to the industry.
- 2. Need to negotiate all changes:** The MPOC is clearly a document that was negotiated and agreed with the industry. However the process for amending it is part of the MPOC document and was agreed as part of that negotiation process. It is quite reasonable for MDL to seek to use it.
- 3. Overall view required:** Some issues are complex and will require many changes to different parts of the MPOC to provide an overall balanced solution. A process that allows some elements to be contested and removed while leaving others will simply not work. As a result of the submission process, agreed minor changes that do not alter the overall intent and balance are possible, but major changes really require the process to be started again so that all parties are aware of what is intended. Experience in the reaction to Change Requests is that 100% agreement is extremely unlikely for even the most routine questions. An overall weighing of the arguments is therefore necessary.
- 4. Prudential Requirements as a barrier to entry:** The question is simply one of who bears the credit risk associated with parties who want gas transmission services, but who do not have a credit rating that qualifies under the MPOC. MDL does not think it should bear this risk, nor does it think it should be passed on to the industry as a whole. Furthermore given the relative size of the sums involved, we do not think the prudential requirements proposed provide a significant barrier to gas exploration or gas-field development.

5. **Section 20.3(b):** A shipper with the minimum credit rating and on negative credit watch may be requested by MDL to provide additional security as there is additional credit risk involved. Recent developments have shown that company credit ratings can deteriorate quickly with little warning. We think it is clear that there is an existing drafting error in section 20.3(b). We don't understand Contact's objection to the proposed change to dispute that.

Yours sincerely,

Blair Robertson  
Commercial Manager, Commercial Operator Maui Pipeline  
**for Maui Development Limited**