



## **GREYMOUTH GAS**

4 June 2010

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

**RE: MPOC 17 December 2009 Change Request Draft Recommendation**

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

While Maui Development Limited (MDL) is on the right track, Greymouth cannot understand how the GIC can support the Change Request given the following:

- The overall evaluation contains significant and material flaws resulting from focussing too much on the TSO/Balancing Operator perspective,
- The Productive Efficiency score-card analysis ignores Section 3.2 of the paper, whereby a key purpose is to 'maximise the use of inherent Line Pack flexibility' – the Change Request eliminates all flexibility,
- The Cost score-card analysis ignores the cost increases that Welded Parties, Shippers and ultimately the end-users of gas will face from operating in an inflexible framework,
- Greymouth calculates a net -1.1 impact of the Change Request compared to the status quo using the GIC's own score-card analysis,
- There is no score-card analysis of non-balancing issues,
- There are no weightings applied to the score-card analysis,
- There is no cost-benefit analysis of the Change Request,
- There are some additional alleged process concerns,

In addition, Greymouth has serious concerns about the Memorandum of Understanding (MoU) between the GIC and MDL given that a change to the MPOC that is contrary to the Gas Act 1992 can be recommended for approval if it is part of a package of such changes that in aggregate have a net benefit. Accordingly, Greymouth calls for the GIC to cancel the MoU immediately and to rewrite it addressing such concerns.

Given the serious process issues and material flaws in the analysis of the paper, Greymouth strongly urges the GIC to reverse support for the paper in its final recommendation.

Yours sincerely,



Chris Boxall  
Commercial Manager