

10 March 2014

Ian Wilson
Senior Analyst - Pipelines
Gas Industry Company
PO Box 10-464
Wellington 6143

Dear Ian

Maui Pipeline Operating Code Change Request

Introduction

1. Mighty River Power welcomes the opportunity to provide this submission on the Maui Pipeline Operating Code (MPOC) change request submitted by Maui Development Limited on 14 February 2014. No part of the submission is confidential and Mighty River Power is happy for it to be publicly released.

Comments

2. Mighty River Power supports the above MPOC change request as proposed by Maui Development Limited.
3. We would however take this opportunity to restate two particular concerns with regards to the move to Back to Bach Balancing. These are the inability for all gas industry participants to participate in the Balancing Gas Exchange (BGX) and the lack of a daily allocation process for those retailers with mass market customers.
4. It is important that all participants who wish to be involved in the buying and selling of balancing gas should be able to do so as such an arrangement ensures efficient market pricing and transparency of balancing gas transactions with prices set at the best available market prices. The current BGX arrangements do not allow all potential participants to take part in the BGX. It is also our opinion that the balancing gas arrangements on the Maui pipeline are not as efficient as they could be and they lack transparency.
5. With regards to a Daily Allocation process the Gas Industry Company will be well aware that Mighty River Power has for a number of years advocated that this work is a key component to the development of accurate balancing gas arrangements.

6. We are therefore disappointed that over two years after the initial MPOC Change Request to introduce back to back balancing was proposed no significant progress has been made on the design and costing of a Daily Allocation process.

Concluding remarks

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

Yours sincerely



Jim Raybould

Jim Raybould
Gas Manager