



10 March 2014

Gas Industry Co
Level 8, Todd Building
95 Customhouse Quay
PO Box 10-646
Wellington 6143
New Zealand

Trustpower Limited

Head Office
Truman Lane
RD 5
Tauranga

Postal Address:
Private Bag 12023
Tauranga Mail Centre
Tauranga 3143

T 07 572 9754
F 07 572 9825

Offices in
Auckland
Wellington
Christchurch
Oamaru

Freephone
0800 87 87 87

trustpower.co.nz

**TRUSTPOWER SUBMISSION:
Application for Gas Industry Company's Recommendation on Proposed Amendments to the Maui Pipeline Operating Code.**

- 1.1.1 Trustpower Limited ("Trustpower") welcomes the opportunity to provide a submission to Gas Industry Company ("GIC") on the proposed amendments to the Proposed Amendments to the Maui Pipeline Operating Code ("MPOC"), as applied for by Maui Development Limited ("MDL").
- 1.1.2 Trustpower agrees with the proposed amendments which will ensure the correct incentives are levied to shippers. The costs for imbalance need to be allocated to the party, or parties, that exacerbate pipe line balance. We also support the proposal to use a Gas Market with sufficient liquidity to calculate balancing gas costs, if one exists, as this will provide the most accurate cost of gas in the market. Restricting Cash Out prices to use only balancing Gas Call and Put prices will create greater volatility in the Cash Out prices, and not give an accurate reflection of the cost of gas.
- 1.1.3 Due to the low level of pricing information in the Wholesale Gas Market, and the asymmetric nature of many participants, Trustpower believes that it may be advantageous to investigate the merits of capping the imbalance prices that a participant may face. This will provide some certainty to all participants, and help quantify risks to new participants.
- 1.1.4 We support the proposed changes in their current form, but believe that further improvements can be made to ensure the correct incentives are proportioned to parties to ensure that there are no perverse incentives on parties that may lead to the pipeline having an imbalance. All parties should be incentivised to use best endeavours to be balanced on all pipelines.
- 1.1.5 For any questions relating to the material in this submission, please contact me on 07 572 9888.

Regards,

CRAIG SCHUBAUER

WHOLESALE MARKET MANAGER

Proposed amendments to MPOC for B2B.docx