



## **Proposal to Amend MPOC: re Payback Point**

Submissions close 15 June 2009

Greymouth Gas New Zealand Limited (Greymouth Gas) is pleased to make a submission to this paper, published by the Gas Industry Company on 19 May 2009. We welcome the opportunity to submit.

- 1) Amendment: Add a new paragraph to the definition of "Payback Point", being (b) a virtual Receipt Point or Delivery Point to or from which a Shipper may nominate Gas sold or purchased by the Balancing Agent to manage Line Pack on the Maui Pipeline from time to time.**

Greymouth Gas supports this change.

We agree that the delivery or receipt of balancing gas is different to a normal Approved Nomination, and the concept of the proposed change to the definition of Payback Point is logical. It is also a good use of IT resources.

MDL chose the word 'may' in the amended clause above even though their argument was that the use of the Payback Point will be mandatory in the balancing gas market. Nevertheless this is a sensible approach because it gives MDL and Shippers the option not to use the Payback Point. According to the clause, Shippers are likely to have the final decision on whether to use the Payback Point, unless different terms and conditions are agreed for specific balancing gas transactions.

Separate to the amendment, part of MDL's discussion is that when Call gas is purchased and/or Put gas is sold then gas is physically received onto or delivered from the pipeline. We note that this is not necessarily true if a Welded Party 'sells' ROI without increasing flow, or if they build up their ROI without reducing flow.