

12 September 2018

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Dear Ian

Response to GTAC Workshop 3 (22-23 August 2018) Materials

Liabilities

Methanex wishes to give further consideration to the ramifications of the drafting proposed in Workshop 4, including in regard to the back-to-back indemnity provisions in respect of Non-Specification Gas and in particular the decision by FGL to exclude Interconnected Parties from the protection of that indemnity.

Methanex is also considering its position in regard to the absence of an Incentives Pool as a means of providing a mechanism for Shippers to claim compensation arising from curtailments caused by other Shippers (as is provided for in MPOC). Methanex' view on this matter has been influenced by the decision made by FGL to withdraw its previous proposal of rebating incentive fees which would have provided some measure of effective compensation for Shippers with better than average balancing performance.

We disagree with the proposition made by FGL that non-use of the Incentive Pool under MPOC is justification for dispensing with it under GTAC, particularly when it is yet to be demonstrated that the GTAC will not impose more significant curtailment costs upon parties that are not themselves responsible for causing curtailments than has been the case under MPOC.

Termination

Methanex considers the changes made to the Term proposed in Section 19.2 is a significant improvement. It still leaves uncertainty at the end of the finite extension period contemplated under Section 19.2(b)(i) if FGL elects that path, which will result in termination of the Code not more than 15 years after the Code takes effect. However, this is a significant improvement on the original proposal made by FGL.

Confidentiality

Methanex acknowledges improvements have been made to Confidentiality provisions affecting Shippers and Interconnected Parties:

- Providing that the disclosing party and not FGL determines whether information should be treated as commercially sensitive and not published. (Section 20.3(i)); and

- The additional provisions added in regard to the protection of confidential information (Sections 20.4-20.8).

In regard to outage information provided by Interconnected Parties (Section 3.5 of Schedule 5 and Section 3.6 of Schedule 6), we recommend that FGL removes the requirement for public disclosure. We consider the publication of outage information is a matter that should be dealt with, not by FGL in the GTAC, but by the GIC in the wider context of gas industry governance and industry-wide information disclosure requirements.

Change Requests

We acknowledge FGLs attempt to address the insufficient time previously provided to Change Requestors under Section 17.9 to incorporate the outcomes of stakeholder feedback in their finalised Change Requests. However, we believe there remains a measure of ambiguity that should be resolved.

The Further Information Request Date and the Further Information Provision Date are not themselves fixed deadlines or unique dates, they are the just the particular dates on which requests are made under Section 17.5 and responded to under 17.6. There is a *latest date* for each under Section 17.5 and 17.6 but those deadlines are separate from the terms themselves.

In order to avoid any ambiguity or uncertainty around the actual deadline for a Change Request to be submitted, Methanex proposes the wording in Section 17.9 is amended to read:

“Not later than 42 Business Days following First Gas’ publication of a Draft Change Request, the Change Requestor may submit to both First Gas and GIC the following information (Change Request):”

- (a) the information referred to in section 17.3, amended as required to reflect Interested Parties’ responses pursuant to section 17.7; and*
- (b) its responses to any substantive specific objections raised,*

and if it does not do so the proposed Change Request will be treated as formally withdrawn.”

Workshop 4

Methanex wishes to note that elements of Workshop 3 materials have been addressed further in Workshop 4 held on 4-6 September and so it reserves further comment on the matters addressed in Workshop 3 (and earlier Workshops) until it has the opportunity to consider the outcomes of Workshop 4 and the revised GTAC drafting that emerges.

Yours sincerely

Matthew Gardner
For Methanex New Zealand Limited