

7 October 2016

Ian Wilson
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BY E-MAIL: ian.wilson@gasindustry.co.nz

Dear Ian

We thank the Gas Industry Company for issuing the Gas Transmission Access – Single Code Options Paper – Part 1 (“SCOP 1”) and inviting submissions.

We have no comments to add in regard to the description of policy objectives under the Gas Act or the outline given on the existing Codes.

In regard to the use of the Panel of Expert Advisers guidelines as reference points, we consider them to be generally sound. We believe that the guidelines are focussed somewhat towards a pipeline system where congestion is a likely or anticipated outcome, providing opportunities for capacity trading to achieve efficient or beneficial outcomes. This however will not necessarily be the case across the First Gas system, at least in respect of the Maui Pipeline, where existing pipeline capacity is well in excess of current and anticipated demand.

The process as we understand it is that First Gas will be given the opportunity to present options in a discussion paper it will issue in November 2016. It is not clear from the information provided in SCOP 1 what degree of involvement GIC will have in the development of the First Gas paper. While recognising the need for the GIC to remain independent, we encourage active consultation with First Gas at the initial stage (“Initial description and analysis of design options”)¹, to give the best chance of avoiding a regulated outcome. We also recommend that the GIC provides further information on the process and timelines that will follow the release of the First Gas options paper and receipt of submissions, including a timeframe for providing GIC’s analysis of the First Gas options paper and review of the submissions.

Yours sincerely


Matthew Gardner
Commercial Advisor
Methanex New Zealand Limited

¹ SCOP 1, Section 5.1, part 2(a), page 24