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Ian Dempster
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By e-mail: info@gasindustry.co.nz

Report on how Gas Industry Co would perform a GTAC Change Request role

Dear Ian

We thank Gas Industry Co for providing the Report on how Gas Industry Co would perform a GTAC Change Request Role and inviting submissions.

We have the following comments:

- 1. We continue to hold the view that the GIC needs to take a more active role in code changes than simply following a binary, approve/not approve prescription.**

Methanex has previously recommended in regard to MPOC change requests that GIC should take a more active role in proposing amendments or making approval of change requests conditional, and we continue to hold this view in respect of proposed changes to the GTAC.

We do not believe that as co-regulator GIC should limit its role. GIC makes the statement in Section 3.5 that while it "may not modify a Change Request, there will be times when it can make helpful suggestions for the future". We don't consider that GIC is or should be constrained as it suggests in that statement. We believe GIC should be willing to exercise the right to make its approval of a Change Request conditional upon certain recommendations being incorporated, having regard to its policy responsibilities and the requirement to address industry concerns. We don't think this would be out step with the GIC's statutory role.

Situations where GIC would make approval conditional may lead to the need for more consultation and extend the timeframe necessary to consider certain change requests. We think this is a reasonable consequence given the likely circumstances that would lead to GIC making its approval conditional. Our concern is that unless GIC takes a more active role in the code change process, particularly in situations where changes proposed are complex and contentious, adopting a binary approach may lead to adverse and unintended outcomes, and increase the prospect of calls from stakeholders for more direct regulation.

- 2. Gas Industry process for reviewing change requests, submissions and time allowed**

Notwithstanding our concerns regarding the scope that GIC is giving itself in terms of approval of change requests, we broadly support the GIC review process proposed in Section 3. However, we do believe that there is merit in establishing some minimum timeframes for consultation and submissions as part of the policy. We consider that no less than 20 business days should be given for submission.

3. Concerns regarding Section 17 of the proposed GTAC

We intend to comment fully on Section 17 in our forthcoming submissions on GTAC but wish to take this opportunity to raise the following:

(a) Initial stage allows insufficient time (Section 17.3 to Section 17.10)

We note that in setting out the timelines for the initial stage in the code change process, GIC has in Appendix A indicated that 25 business days is allowed from notification of a proposed change to the deadline on lodging it with GIC. However, we don't believe the table fully reflects the process and the short timeframes proposed for initial consultation and preparation of change requests.

- Section 17.7 limits the total time for interested parties to consider a proposed change request to 10 business days following First Gas' publication of a Draft Change Request.
- Section 17.5 allows parties to request further information, but only within the same 10 business day timeframe following the publication of the Draft Change Request. The further qualification in Section 17.6 is that the Change Requestor has five business days in which to respond to any such information request and that information goes to First Gas and GIC, not the party requesting the information or to every interested party.
- Given that First Gas then has a further two business days provided in Section 17.8 to publish the further information there is the prospect that, even if an interested party immediately requests further information, that information may well not be forthcoming until the 8th business day. This makes the "further information gathering" provision of dubious value.

We consider that a minimum 20 business days should be allowed between the notification date in Section 17.4 and the deadline for respondents to lodge a notification under Section 17.7 and that any further information received by First Gas is published immediately it is received.

Section 17.9 allows a further 15 business days for the Change Requestor to submit the Change Request to GIC. We consider this is also shorter than reasonably necessary, particularly so in the cases where First Gas is not the Change Requestor. We believe that a minimum 20 business days should be allowed following the Section 17.7 deadline (noting that a Change Requestor can always lodge its change request earlier if it wishes). We believe that insufficient timeframes at the initial stage will hinder the assessment of change requests generally and unfairly constrain non-First Gas parties lodging change requests.

Yours sincerely



Phil Watson
Methanex New Zealand Ltd