



18 January 2019

Gas Industry Company

By email

Attention: Ian Wilson

OMV Upstream

Dear Ian,

**GIC Preliminary Assessment of the GTAC**

We write in reference to the Gas Transmission Code (GTAC) submitted to the Gas Industry Company (GIC) by First Gas on 31 October, 2018. Whilst we can accept that this code may be workable, we have an outstanding issue with the wording in clause 6.17 of Schedule 5 of the GTAC.

**Patrick Teagle**  
Manager Commercial & Legal

Tel +64 4 910 2500  
Fax +64 4 910 2504  
Patrick.Teagle@omv.com

OMV New Zealand Ltd  
Level 20, Majestic Centre  
100 Willis Street  
Wellington,  
New Zealand

Throughout the evolution of the GTAC, gas producers have expressed their discomfort at being deemed a Non-Reasonable and Prudent Operator (Non-RPO) in relation to any injection of Non-Specification Gas and OMV remains uneasy with the current wording.

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OMV accepts the concept of a strict liability regime for the injection of Non-Specification Gas – i.e. the Interconnected Party is liable regardless of whether it has been acting as an RPO or not. However, a blanket provision deeming the Interconnected Party to be a Non-RPO is unnecessary, and could have unintended consequences beyond the GTAC (e.g. it could be seen as telling all regulators, including regulators such as the EPA, that the industry participants are Non-RPOs, even when they are not).

We believe the issue can be solved simply, without changing the strict liability intent of the GTAC by:

1. Deleting clause 6.17 – in reality this clause is superfluous, as clause 6.1 already notes that the indemnity is not subject to the RPO limitation in clause 16.1.
2. Amending clause 16.1 to read "Subject to clause 6.1 and any further limitations contained in this section 16..." – strictly speaking, this change is not needed, but we suggest it might be helpful.

We see this wording as both maintaining the penalties First Gas wishes to impose on Interconnected Parties for injecting Non-Specification Gas as well as removing the Non-RPO label and request the GIC include this change in its final recommendation of the GTAC to the industry.

Yours sincerely,

  
**Patrick Teagle**  
Head of Commercial and Legal