



Shell Exploration NZ Limited

Level 10
ASB Tower
2 Hunter Street
P O Box 1873
Wellington
New Zealand

Gas Industry Company
PO Box 10-646
Wellington 6143
Wellington
New Zealand

Attention: Ian Wilson

30 March 2014

Shell welcomes the GIC's Draft Recommendation on the MPOC Change Request submitted by MDL on 10 October 2014, the MBBCR.

We agree with many of the findings and are fully supportive of the final conclusion of the Draft Recommendation.

We note that the Cost Benefit Analysis (CBA) did not attempt to quantify a number of the benefits of the MBBCR. These are:

- Improved market liquidity
- Dynamic efficiency gains (such as reduced cost of swing)
- Upstream benefits as a result of lower and more stable pipeline pressure

We support the decision not to invest further time and money quantifying the above benefits for a business case that is already clear. But we note that if the conclusion, based on the existing scope of analysis, was to change for any reason, we would expect the above benefits to be more clearly factored in to a revised CBA.

Kind regards,

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Dylan Reid', is written over a horizontal line.

Dylan Reid
Commercial Advisor
Shell NZ limited