



# Final Recommendation on 28 March 2013 MPOC Change Request

Date issued: 10 June 2013







## **About Gas Industry Co.**

Gas Industry Co is the gas industry body and co-regulator under the Gas Act. Its role is to:

- develop arrangements, including regulations where appropriate, which improve:
  - the operation of gas markets;
  - access to infrastructure; and
  - consumer outcomes;
- develop these arrangements with the principal objective to ensure that gas is delivered to existing and new customers in a safe, efficient, reliable, fair and environmentally sustainable manner; and
- oversee compliance with, and review such arrangements.

Gas Industry Co is required to have regard to the Government's policy objectives for the gas sector, and to report on the achievement of those objectives and on the state of the New Zealand gas industry.

Gas Industry Co's corporate strategy is to 'optimise the contribution of gas to New Zealand'.

## **Authorship**

This paper was prepared by the Marked Operations Group

# Executive summary

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Maui Development Limited (MDL) has requested a change to the Maui Pipeline Operating Code (MPOC) to make several tidy-ups so as to improve clarity of the Code's operation.

Gas Industry Co released a consultation document on 12 April 2013. The document explained that owing to the minor effect of the proposed changes the normal consultation process would be expedited if no material issues were raised in submissions. In particular, Gas Industry Co's consultation document—which supported the change request—would serve as the draft recommendation.

Two formal submissions were received by Gas Industry Co. We also received informal submissions from two other parties. All submitters who expressed a view agreed with the change request. No material issues were raised in submissions.

Some additional typographical changes were identified by one party and these have been addressed in this recommendation. We have also identified some additional errors. These are included in the marked-up MPOC we are releasing with this final recommendation.

This final recommendation supports the change request.

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# 1

## Introduction

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### 1.1 Purpose

This paper presents an analysis and final recommendation in respect of an MPOC change request submitted by MDL to Gas Industry Co on 28 March 2013.

The change request and other relevant papers can be found at <http://gasindustry.co.nz/work-programme/mpoc-change-request-28-march-2013>.

Please refer to our Draft Recommendation at the link above for more background information.

### 1.2 Proposed changes

#### Confidentiality Protocol

Schedule 4 of the MPOC describes confidentiality protocols. Section 8 of this Schedule describes that the Technical Operator and the Commercial Operator will operate at arm's length and separate from MDL in all dealings with MDL and will not prefer any particular Shipper or Welded Party over another.

In its change request application, MDL states that arm's length operation requirements should also apply to the System Operator. MDL consider the omission of the System Operator was an unintentional omission and the 2012 confidentiality auditor recommended to MDL that the System Operator be included in Schedule 4. The change request adds the System Operator to this schedule.

#### Legacy related issues

Several sections of the MPOC refer to historical definitions and provisions such as 'Maui Gas Contract' which are no longer necessary or relevant.

The proposed change removes references to many historical definitions and provisions which are no longer necessary or relevant. The Methanex 20/20 Agreement, while no longer in force, will still be referred to in some parts of the MPOC because some metering equipment owned by Methanex may continue to be operated, tested, and maintained in accordance with that agreement.

#### Welded Party/Welded Point Inaccuracies

Various sections of the MPOC refer to a Welded Party as having an Accumulated Excess Operational Imbalance (AEOI) or a Running Operational Imbalance (ROI) etc.

The proposed change reflects MDL's view that it is more accurate to say that a Welded Point has the AEOI or ROI etc (rather than the Welded Party).

### **Errors and miscellaneous amendments**

MDL's application identifies changes which it considers to be correction of errors and other miscellaneous amendments.



# 2 Submissions received

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Two formal submissions were received from:

- Mighty River Power Limited (MRP); and
- Vector Limited (Vector).

Contact Energy Limited (Contact) emailed to point out some additional typographical errors.

Energy Direct NZ Limited (EDNZ) emailed its support for the change request.

## **Analysis**

All submitters supported the change request.

We discussed with MDL the additional minor typographical errors identified by Contact and these have been added to the marked-up MPOC released with this recommendation. These are to replace two references to 'Running Operational Imbalance Limits' with 'Running Operational Imbalance Limit' in sections 4.1 and 4.3 of the MPOC.

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## Gas Industry Co's assessment

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We have identified some minor amendments that relate to the change request which are explained below. These are minor in effect and have been included in the marked-up copy of the MPOC at Appendix A.

### **Additional Welded Party/Point inaccuracies**

Section 12.17 of the MPOC refers to a Welded Party trading its Running Operational Imbalance (ROI) but the definition of ROI refers to a Welded Point. We recommend that MDL clarifies it is a Welded Party trading ROI at the Welded Point it is responsible for. We have marked-up changes to sections 12.11(a)(i) and (ii), and 12.17.

### **Proposed change to section 16.1**

The proposed change to this section appears to limit the definition for Metering which refers to the equipment 'at or near a Welded Point.' We suggest that MDL changes the proposal to:

'...determined with Metering from the Metering Owner.'

We have marked-up section 16.1 accordingly.

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## Final recommendation

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Our final recommendation is to support this change request.

# Appendix A. Marked-up MPOC

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