



31 July 2018

Fiona Wiseman
Senior Advisor Strategy and Regulation
Trustpower
By email

Dear Fiona,

Re: Proposal for shippers to collectively seek advice on Commerce Act risk associated with new Gas Transmission Access Code (GTAC)

Greymouth Gas New Zealand Limited (Greymouth) shares the concerns outlined in Trustpower's open letters of 24 November 2017 and 18 July 2018. We agree that industry should consider the Commerce Act compliance issues in the development of new gas transmission access arrangements. Greymouth, for one, has particular Commerce Act related concerns in relation to aspects of First Gas' current operations that need to be addressed.

We are disappointed at GIC's reluctance to facilitate a process to manage Commerce Act compliance matters. In the absence of any such facilitation, we support, in principle, Trustpower's proposal for GTAC shippers (and interconnected parties as appropriate) to jointly engage legal and (if necessary) economic advisors.

As a next step we propose there be nominations of legal experts in order that the same can be discussed and fee estimates obtained.

We also consider that the timing of the advice may be important. Once First Gas submits the GTAC and supporting arrangements to the GIC, there may not be an opportunity to make changes in response to advice received. However, advice prior to submission may need to be qualified if it is not based on the final GTAC. Given the importance of this exercise, we would not expect First Gas or GIC to object to a timetable extension for this purpose.

Consideration should also be given to whether interconnected parties should be included. Although the current proposal is for interconnected parties to sign separate agreements, the core terms of those are to be included in the GTAC.

We consider your second proposal for the inclusion of a Commerce Act compliance requirement in the GTAC has merit but may make the process too onerous. Some changes will have no competition implications, and there would seem to be no reason to require Commerce Act advice in those cases. We suggest that the issue be added to the GTAC work programme for discussion – and perhaps that can be taken into account in the timing of advice from the jointly engaged experts.

We thank Trustpower for its actions on this important issue.

Yours sincerely

Chris Boxall
Commercial Manager

cc: GTAC shippers and interconnected parties
GIC
First Gas