

22 January 2013



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John Bright  
Advisor  
Gas Industry Company  
PO Box 10-646  
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Dear John

## **Submission on the Vector Transmission Code Balancing Change Request Appeal**

### **Introduction**

1. Vector Gas Limited ("Vector") welcomes the opportunity to make this submission on the Vector Transmission Code Appeal to Allow Balancing Arrangements Change Request submitted to the Gas Industry Company ("GIC") on 27 November 2012 (the "Appeal").
2. No part of this submission is confidential and Vector is happy for it to be made publicly available.
3. Vector's contact person for this submission is:  
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Commercial Manager - Networks  
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### **MPOC Change Request**

4. In the Appeal, Vector "acknowledge[d] the suggestion in the NERA Report that the efficiency of balancing arrangements could be enhanced by amending the governance arrangements to permit Shippers to "step into" Vector's rights to dispute balancing invoices from MDL. Vector considers this could be achieved through an MPOC change request and has asked Shippers for input on this."
5. Vector intends to circulate a draft MPOC change request for industry review by the end of January.

## Non-Code Shipper Agreements

6. In an email to Vector and all Shippers, Greymouth Gas made the following comment about Non-Code Shipper Agreements:

"The VTC changes should be subject to non-Code Shippers also implementing the same changes – currently having non-Code Shippers adopt similar changes only relates to the withdrawing of the Material Adverse Affects Notice ('MAAN') (and not to the roll-out of these changes to Shippers). If the changes applied to Shippers and not to non-Code Shippers and the MAAN was removed, then Shippers (and Vector) could be exposed to increased costs. Alternatively, clauses could be amended to make Vector liable for non-Code Shipper costs regardless of whether Vector and the non-Code Shippers had reached agreement on the same changes outside of the VTC."

7. We agree that if the proposed changes applied to Shippers but not to Non-Code Shippers and Vector's Material Adverse Effect notice was removed, Vector and Shippers could be exposed to increased costs. However, we do not consider this likely to eventuate because:

(a) Vector has clearly stated in its Balancing Arrangements Change Request, and reiterates, that it will be in a position to withdraw its Material Adverse Effect notice if the Balancing Change Request is approved *and Non-Code Shippers* agree to similar amendments to their transmission services agreements; and

(b) the effective date of the Balancing Arrangements Change Request is tied to the effective date of the MPOC Balancing Change Request, and MDL cannot implement its MPOC Balancing Change Request until Vector's Material Adverse Effect notice has been withdrawn.

Yours sincerely



Katherine Shufflebotham  
**Commercial Manager - Networks**