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Paul Mitchell
Chief Advisor
Regulation Branch
Commerce Commission
PO Box 2351
Wellington

CC: commercial.operator@mauipipeline.co.nz

Dear Mr. Mitchell,

Maui Development Limited (MDL) thanks the Commerce Commission (Commission) for the opportunity to provide a cross-submission for the Discussion Paper on Initial Default Price-quality Paths for Gas Pipeline Businesses.

We have reviewed the other submissions on this paper (following our own submission) and have the following comments as a result.

- We agree with other submitters that measures for productivity analysis should be combined with, and included in, Information Disclosure regulations. The measures and disclosures for Gas Transmission Businesses should be limited to those that are relevant for us (MDL and Vector Transmission) specifically.
- We support Vector's suggestion to include materiality criteria for accuracy and completeness of information disclosures, in order to avoid unrealistic auditor standards.
- We support the Vector proposal on location-based compliance thresholds for Response Times to Emergencies.
- We support all the arguments made that a DPP should be able to accommodate infrastructure investments. We cannot stress enough that it should not be necessary to always require a CPP for any such type of investment.

In addition, we believe that Vector's proposal for a Regulated Investment

Test (RIT) as part of a DPP is particularly worthy of deeper consideration. Given the relatively short time available for considering this new proposal we have not formed any final views on it. As an initial response, we can offer the following comments.

- A DPP should be able to accommodate infrastructure investments with or without an RIT. We agree with Vector's proposal that there should be a materiality threshold before an RIT is actually required.
- Vector is proposing a materiality threshold of \$ 8 million of total operating and capital expenditure on any project before requiring an RIT. We cannot say at present whether that number is appropriate for MDL too.
- There may be linkages between infrastructure projects by Vector and MDL. For example, an increase in Northern pipeline capacity by Vector may require an increase in compressor capacity by MDL. In such scenarios it may be sensible to create linkages between respective RITs, if required; or even prepare a combined RIT.
- The scope of infrastructure projects envisaged by MDL and Vector may be different. We would need more time to consider whether all steps set out in Vector's RIT proposal would also be appropriate for all MDL projects.
- We need more time to understand the impacts on revenues and recoverable costs that could arise from Vector's proposed approach.

In conclusion, we trust the Commission will seriously consider all the submissions. In particular, we believe that Vector's proposal for an RIT deserves consideration. If it would be useful we will be happy to discuss these points in more detail with the Commission.

Yours sincerely,

Don Gray.

General Manager, Commercial Operator Maui Pipeline

for Maui Development Limited