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Louise Allsopp,
Chief Adviser,
Network Performance Branch,
Commerce Commission,
PO Box 2351,
Wellington.

CC: commercial.operator@mauipipeline.co.nz

Dear Louise.

Maui Development Limited (MDL) writes in response to the Commission's process paper "*Setting the Default-Quality Path for suppliers of Gas Pipeline Services – Process Paper*" (Process Paper).

MDL is of the view that the extension to the date for setting the initial default price path (DPP) to 1 July 2011 is appropriate given the substantial work that regulated suppliers will need to perform to ensure that DPP arrangements can be implemented successfully. We think the revised schedule allows the time necessary for the new arrangements to get the consideration they need.

At present, MDL revises Maui Pipeline tariffs annually. MDL would normally revise its tariffs using MDL's existing tariff setting methodology for the year from 1 July 2010 to 30 June 2011. Work on this process would normally be completed by 1 April allowing one month for the necessary approval process and 60 days for the advance notification required under the terms of the Maui Pipeline Operating Code. MDL has already made an undertaking to use the building blocks approach recommended by the Commerce Commission. When it does so, MDL will take into account any work on the DPP recommended by the Commerce Commission to the extent that it has been finalised.

In terms of general comments on the Process Paper, it would have been helpful to learn more about the processes and timings as they relate to the transition from a DPP to a customised price-quality path (CPP). This is important because early evaluation by the Gas Pipeline Business (GPB) of this process will undoubtedly guide capital investment decisions. MDL would appreciate more information on this point in due course.

Yours sincerely,



Commercial Operator Maui Pipeline

for Maui Development Limited