



Disclosure of capital contributions

This document represents our disclosure related to our current policy on capital contributions, as required by clause 2.4.6 in the Gas Transmission Information Disclosure Determination 2012 issued by the Commerce Commission. The terms "MDL", "we", "us" and "our" in this document refer to the Gas Transmission Business of Maui Development Limited.

MDL's policy is to not seek or require capital contributions from our consumers or from any other person.

As a result, MDL does not have any:

- a) methodology for determining or requesting capital contributions;
- b) applicable policy on whether a consumer or any other person could use an independent contractor to undertake some or all of the work covered by a hypothetical capital contribution;
- c) standard schedule of capital contributions charges.

MDL does have an open access regime that allows any person meeting the relevant requirements of the Maui Pipeline Operating Code (MPOC) to enter into an Interconnection Agreement (ICA). The relevant provision for new interconnection in the MPOC is set out below.

- 2.12 MDL shall allow any person (a "**New Welded Party**") to enter into an ICA and establish a new Welded Point to connect its pipeline or facilities to the Maui Pipeline provided that:
- (a) the New Welded Party can demonstrate to MDL's reasonable satisfaction that it will meet the requirements of a Welded Party set out in this Operating Code including, without limitation, the requirements of Schedule 1; and
 - (b) MDL will, acting as a Reasonable and Prudent Operator, set standards for the location, design and construction of the new Welded Point and any Station and the New Welded Party will comply with such standards; and
 - (c) such new Welded Point does not interfere with the then existing safe operation and integrity of any Pipeline; and
 - (d) the New Welded Party indemnifies MDL against any Loss that may arise from the construction, testing and commissioning of the new Welded Point.

MDL shall add any new Welded Points to Schedules 7 and 8 (and such addition shall not be subject to the processes that apply to Change Proposals set out in section 29).

Schedule 1 of the MPOC contains general technical requirements for welded points and stations. Schedules 7 and 8 contain specific parameters of each welded point.

The practical result of the open access regime is that capital expenditures for new interconnections with the Maui pipeline are incurred by and under the control of the welded party making that connection.

The MPOC also has a provision on developable capacity. This is set out below.

- 2.11 From time to time new investments on the Maui Pipeline will need to be considered. These may be as simple as upgrading Metering or may involve significant construction, such as building a new compressor station or pipeline. They may also span a range of time horizons, have different risk profiles and require customised financial and legal arrangements. The general principles that MDL will apply to such new investments are as follows:
- (a) MDL will always endeavour to offer a Transmission Service on the Maui Pipeline even if it involves the development of new capacity;
 - (b) MDL has first right to invest in the development of the Maui Pipeline;
 - (c) MDL will, acting as a Reasonable and Prudent Operator, set standards for the construction, operation and maintenance of the new facilities;
 - (d) Shippers and Welded Parties will be given the opportunity to contribute to the costs of developing new capacity but MDL shall be under no obligation to grant any special right or interest in the Maui Pipeline or the Transmission Services to such Shipper or Welded Party in consideration for such contribution; and
 - (e) the costs of new investments incurred by MDL will be included in the calculation of Throughput Charges.

MDL¹ has not yet made or considered any Maui pipeline investments where a Shipper or a Welded Party contribution to the development is involved.

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¹ For the sake of clarifying clause 2.11(e) of the MPOC, the net cost of new investments incurred by MDL would be added to our asset base and would affect the calculation of our Throughput Charges accordingly.