



20/7

11 July 2012

Jacki Eves
Senior Legal Adviser
Gas Industry *Company*
PO Box 10-646
Wellington

Dear Jacki

**STATEMENT OF PROPOSAL – AMENDMENTS TO THE GAS GOVERNANCE
(COMPLIANCE) REGULATIONS 2008**

Thank you for the opportunity to comment on the Statement of Proposal – Amendments to the Gas Governance (Compliance) Regulations 2008. I am responding on behalf of Energy Direct NZ (EDNZ).

We agree in principal with the proposed amendments to the Gas Governance (Compliance) Regulations.

If you would like to discuss our comments further please contact me by email at tara.gannon@energydirectnz.co.nz or by phone on DDI 06 349 2055. Alternatively you can contact our General Manager, Michael Ram, by email at michael.ram@energydirect.co.nz or by phone on 06 349 0129.

Yours sincerely

A handwritten signature in black ink that reads "Tara Gannon".

Tara Gannon
Energy Trading Manager

Energy Direct NZ Ltd
179 St. Hill St
PO Box 32
Wanganui 4540

Tel: 06 349 0909

Fax: 06 345 4931

Freephone: 0800 567 777

Email: enquiries@energydirectnz.co.nz

Web: www.energydirectnz.co.nz

PROPOSAL	COMMENT
Q1: The proposal to amend regulation 10(2) to remove the words 'by other means'.	EDNZ agrees with the proposed change in principal.
Q2: The proposal to amend regulation 11 so that the heading refers to 'certain service providers'.	EDNZ agrees with the proposed change in principal.
Q3: The proposal to clarify that the notice requirements in regulation 12(1)(b) apply to the notice issued under regulation 13(1).	EDNZ agrees with the proposed change in principal.
Q4: The proposal to amend regulations 13(2) and (3) so that a participant becomes a party to a breach and not a breach notice.	EDNZ agrees with the proposed change in principal.
Q5: The proposal to include the industry body as a party from who information can be sought, and to who will be provided with all notices and documents that are circulated to industry participants, and parties joined.	EDNZ agrees with the proposed change in principal.
Q6: The proposal to amend regulation 19(1)(k) to include reference to orders of the Rulings Panel.	EDNZ agrees with the proposed change in principal.
Q7: The proposal to amend the mandatory requirement on the Allocation Agent and Gas Registry Operator to agree to a settlement under regulations 21 and 32.	EDNZ agrees with the proposed change in principal.
Q8: The proposal to amend regulation 46 to remove the requirement for the Investigator who investigated the alleged breach to speak to his or her report if requested by the Rulings Panel.	EDNZ agrees with the proposed change in principal.
Q9: The proposal to delete wording in regulation 49 to ensure correct cross-referencing.	EDNZ agrees with the proposed change in principal.

PROPOSAL	COMMENT
Q10: The proposal to remove the references to 'internet site' from regulations 81(4), 82(2) and (4) and 83(2).	EDNZ agrees with the proposed change in principal.
Q11: In relation to the proposal to include a new power for the Market Administrator and Investigator to amend breach notices in very limited circumstances.	EDNZ agrees with the proposed change in principal.
Q12: The proposal to include a new power for the Market Administrator and Investigator to be able to consolidate breach notices in very limited circumstances.	EDNZ agrees with the proposed change in principal.
Q13: The proposal to modify the interrelationship between the definition of participant, the Gas Governance (Critical Contingency Management) Regulations 2008, and the notice requirements in regulation 13.	EDNZ agrees with the proposed change in principal.
Q14: The proposal to include a new provision that would enable a participant to join a matter at a later stage than the Regulations currently provide for under regulation 13.	EDNZ agrees with the proposed change in principal.
Q15 The proposal to include a new threshold regime for otherwise mandatory reporting of alleged breaches by the Allocation Agent and the Gas Registry Operator.	<p>EDNZ agrees in principal with the introduction of a threshold for reporting some types of alleged breaches.</p> <ul style="list-style-type: none"> • Currently Gas (Downstream Reconciliation) Rule 37.2 breaches are only considered material if the difference between the initial and final allocation submission is greater than +/-10% and +/-200 GJ. We believe this would be a reasonable threshold for breaches of this rule. • Where TOU estimates are reported, separate alleged breaches of the Gas (Downstream Reconciliation) Rule 33.1 occur for the initial, interim and final allocation. Where the interim and final submissions for the affected ICP(s) match the initial, we believe that the interim and final alleged breaches could be

PROPOSAL	COMMENT
<p>STATUTORY CLASSIFICATION Gas Industry Co is seeking submissions on whether or not submitters see the proposal to introduce a threshold regime as a minor change that will not adversely affect the interests of any person in a substantial way, and thus is an amendment that properly falls under section 43N(3).</p>	<p>suppressed. Whether the change is minor and will not adversely affect the interests of any person in a substantial way is dependent upon the thresholds applied. We reserve our decision until further information on the proposed thresholds is available.</p>

