



11 December 2014

Attn Andrew Walker and Susan Dunne  
Gas Industry Authority  
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WELLINGTON

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Genesis Energy Limited

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Dear Andrew and Susan,

## Consultation on Compliance Thresholds

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Genesis Energy Limited welcomes the opportunity to provide a submission to the Gas Industry Company ("GIC") on the consultation paper "Compliance Thresholds" dated 12 November 2014.

Genesis Energy is generally in support of the changes to the compliance thresholds. We do have a couple of points which we have set out in the appendix below.

If you would like to discuss any of these matters further, please contact me on 04 830 0013.

Yours sincerely

A handwritten signature in blue ink, appearing to be "R. Plachecki".

Rebekah Plachecki  
Regulatory Advisor

## Appendix A: Responses to Consultation Questions

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QUESTION	COMMENT
Q1:Do you agree that the current guideline relating to rules 37 of the reconciliation Rules should be used as the threshold for reporting of breaches under the amended Regulations?	Agree with the change. We consider the change will improve efficiency by reducing compliance costs for participants without affecting consumers.

QUESTION	COMMENT
<p>Q2: Do you agree that the proposed threshold for rules 67.3, 70.2 and 72.2 of the Switching Rules should be applied for reporting breaches under the amended Regulations?</p>	<p>We agree with change to rule 70.2.</p> <p>The proposed changes to rules 67.3 &amp; 72.2 should be specifically limited to TOU switches only (in line with the electricity proposed changes).</p> <p>While there is no history of backdating of mass market switches, we note that this is because there is the real threat of having to deal with a breach allegation if a trader was to do so. It is hard to predict how parties may react and what unintended consequences may arise if this threat were to be removed. While the cost of backdating is most obvious in TOU ICP's, the cumulative effect of being forced to purchase wholesale volumes while not being able to on sell volumes in the mass market space should not be disregarded.</p> <p>Due to TOU gas supply contracts generally having start/end dates in line with calendar months, it is only in the TOU space that not allowing for back dated switches causes any customer or industry issues.</p> <p>We see no reason apply the proposed thresholds to any ICPs other than TOU ICPs and believe this restriction should be specified in the thresholds.</p>
<p>Q3: Do you agree that the proposed threshold for rules 69.1 and 69.2 of the Switching Rules should be applied for reporting breaches under the amended Regulations?</p>	<p>Agree.</p>