

31 January 2013



**Vector Limited**  
101 Carlton Gore Road  
PO Box 99882, Newmarket  
Auckland 1149, New Zealand  
[www.vector.co.nz](http://www.vector.co.nz)  
Corporate Telephone  
+64-9-978 7788  
Corporate Facsimile  
+64-9-978 7799

Jacki Eves  
Gas Industry Company  
PO Box 10-646  
Wellington

Dear Jacki

### **Submission on the Proposed Threshold Regime under the Compliance Regulations**

#### **Introduction**

1. Vector Limited ("Vector") welcomes the opportunity to make this submission on the Gas Industry Company's ("GIC") consultation paper, *Proposed amendments to the Gas Governance (Compliance) Regulations – further details of the threshold regime*, dated 21 December 2012.
2. No part of this submission is confidential and Vector is happy for it to be made publicly available.
3. Vector's contact person for this submission is:

Luz Rose  
Senior Regulatory Analyst  
04 803 9051  
[Luz.Rose@vector.co.nz](mailto:Luz.Rose@vector.co.nz)

#### **Threshold regime**

4. Vector generally supports the GIC's proposal to establish a threshold regime to manage the volume of alleged breaches of the Compliance Regulations that are unlikely to raise a material issue. This would help ensure the benefits of breach reporting are not outweighed by compliance costs.

5. In addition, Vector would like to clarify some issues in the consultation paper in relation to:
  - a. Rules 31 to 33 of the Gas (Downstream Reconciliation) Rules 2008 - reporting of consumption information; and
  - b. the proposed provision empowering the GIC to issue a determination exempting the Gas Registry Operator or the Allocation Agent from the mandatory reporting requirements under Regulation 11 of the Compliance Regulations.

### **Downstream Reconciliation Rules 31 to 33**

6. In reference to alleged breaches of Downstream Reconciliation Rules 31 to 33, the GIC mentions that "it is feasible to have a threshold on the quantity of estimates provided in the submission files" (second paragraph, page 8).
7. Vector **recommends** that the GIC provide greater clarity on how it would define what the threshold on the quantity of estimates provided in submission files under Rules 31 to 33 is going to be, for example, by providing indicative numbers such as proportion of a retailer's ICPs. Vector is particularly interested in how that threshold would assist in capturing systemic issues and excluding routine or immaterial errors.

### **Proposed empowering provision**

8. Schedule x of the empowering provision (page 11 of the consultation paper) identifies particular provisions that would be subject to a determination by the GIC setting out mandatory breach reporting exemptions.
9. Vector is concerned that the application of the empowering provision, as proposed, would only apply to the identified (existing) provisions, not to those that may be formulated in the future to provide for changing or unforeseen circumstances. For example, the ongoing review of the Downstream Reconciliation Rules may introduce new provisions or amend existing ones that are not included in this list but could have relevant implications on the operation of the Compliance Regulations and other relevant rules and regulations.
10. To ensure future flexibility and consistency across the rules and regulations that are being enforced by the Compliance Regulations, Vector **recommends** that the scope of Schedule x be expanded to include any amended or replacement provisions.

11. Finally, Vector **recommends** that the GIC release for stakeholder consultation a draft of any determination it intends to make that would set out breach reporting exemptions.

Yours sincerely



Bruce Girdwood

**Manager Regulatory Affairs**