



31 August 2012

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Dear Ian,

## **Proposed Revised Guidelines for Essential Service Providers and Minimum Load Users 2012**

### **Introduction**

1. Mighty River Power welcomes the opportunity to provide this submission on the Gas Industry Company's Proposed Guidelines for Essential Service Providers and Minimum Load Users 2012 issued on 2 August 2012. No part of the submission is confidential and Mighty River Power is happy for it to be publicly released.

### **Comments**

2. Our responses to the questions raised within the proposal are attached below in the template format provided by the Gas Industry Company (GIC).
3. Mighty River Power would like to propose that an additional amendment be included within the revised Guidelines requiring an independent body, probably the GIC, to be responsible for determining a customer's status as an Essential Service Provider or Minimum Load Customer. This change was recommended by Concept Consulting in their Review of the October 2011 event and was supported by all of those who made submissions on that Review.
4. We appreciate that the GIC intends to issue a Statement of Proposal on the October 2011 Review in the near future which will probably include a proposal to implement this change. We also appreciate that such a change may require a change to the current Gas Governance (Critical Contingency Management) Regulations. We are however of the opinion that given the concerns raised in the Review with regards the process associated

with allocating customers into these curtailment bands that it would be appropriate to progress this change at this time.

5. Given the changes to the Guidelines and if the GIC accepted our proposal above then Mighty River Power recommends that the GIC requires customers to apply or reapply for Essential Services Provider and/or Minimum Load Customer status. All applications to be considered and where appropriate approved by the independent body.

### **Concluding remarks**

6. If you would like to discuss any of our above comments directly with Mighty River Power, then please do not hesitate to contact me on 06 348 7926 or [jim.raybould@mightyriver.co.nz](mailto:jim.raybould@mightyriver.co.nz).

Yours sincerely

A handwritten signature in black ink that reads "Jim Raybould". The signature is written in a cursive, slightly slanted style.

**Jim Raybould**

Gas Manager

## Proposed Revised Guidelines for Essential Service Providers and Minimal Load Users 2012

Submission prepared by: Jim Raybould for Mighty River Power

QUESTION	COMMENT
<p>1 Do you agree with the proposed revisions to the Essential Services and Minimal Load Guidelines? If there are aspects that you disagree with, please explain what they are and why.</p>	<p>Yes</p>
<p>2 Are there other revisions that you would suggest for the Guidelines? Please outline what they are and why you think they are important.</p>	<p>We would suggest that as part of this Guideline update that the GIC should become the approving body for ESP and MLC status. Customers should then be required to apply or reapply for these statuses.</p> <p>With regards to the Service Assessment for ESP designations table we seek clarification on why there is the inclusion of section (i) the Preservation of Economic Activity. We would have thought that organisations such as the Reserve Bank will use gas predominantly for space and water heating. In the event of a gas curtailment could such organisations not utilise alternative forms of heating such as portable electric heaters rather than continue to use natural gas.</p> <p>We would recommend that for MLC that there should be a "For the avoidance of doubt" statement in the Guidelines to emphasise that the MLC status only allows for an agreed shut down period of the minimum load not approval for the continuous use of the minimum load.</p> <p>We would also suggest that the wording in section 3.2 Principle for a MLC customer:-  <i>"If band 4 is curtailed Minimum Load Customers are required to shut down fully (their entitlement to the Minimum Flow in the above diagram ceases)"</i> should be redrafted.</p> <p>Firstly we believe that the paragraph potentially gives the impression that the "Minimum Flow" is an on-going rather than a time limited entitlement.</p> <p>Secondly we believe that it is unreasonable to shorten the agreed shutdown period of a MLC customer if the CCO requires the curtailment of Band 4 customers given that the MLC shutdown period has been agreed with the customer for specific safety or economic reasons.</p>