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3 May 2012

Jacki Eves
Gas Industry Company
95 Customhouse Quay
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Submitted via: GIC website

Dear Jacki

Support assessment framework for gas distribution agreements

Genesis Power Limited, trading as Genesis Energy, welcomes the opportunity to provide a submission to the Gas Industry Company (“the GIC”) on the consultation paper “Distribution Contract Principles: Proposed design of the assessment framework” dated 29 March 2012.

We support the GIC’s proposed assessment framework for the high-level distribution contract principles that guide the contractual arrangements between gas distributors and retailers. We endorse the:

- use of a qualitative ranking system similar to that used for the Retail Gas Contract scheme. We consider that this approach will ensure results are easily understood by all interested parties; and
- the publication of a consolidated results report in the first year, then identification of individual distributors in subsequent reports. As with the Retail Gas Contract scheme, distributors should be given the opportunity to amend gas agreements before results are made public. In addition, if the assessment shows that aspects of the distribution contract principles are unclear, additional clarifications of the principles may be required.¹

¹ As acknowledged in the minutes from the GIC workshop on the assessment framework, 27 April 2012.

We recommend that the GIC undertake the first assessment of distribution agreements in October 2012. This date aligns with the timing of the gas year, will give dual-fuel distributors sufficient time to align their gas agreements with the electricity model use-of-system agreements² and should incentivise distributors to progress or finalise agreements with retailers. We are comfortable that the first assessment is based on distributors' draft gas agreements, rather than past signed agreements. Assessing draft agreements will allow both distributors and retailers to understand how these soon-to-be signed agreements align with the GIC's principles and will enable distributors to make any necessary changes prior to finalising the agreements with retailers.

We are happy to provide feedback to Elwood Law to assist with the assessment process. Our primary concerns with gas distribution agreements relate to prudential security, liability, the timing of price changes, equal and even handed treatment and the treatment of customer claims under the Consumer Guarantees Act 1993. We are happy to expand on these points and provide clause by clause feedback if this would be of assistance.

Our responses to the consultation questions are provided in Appendix A.

If you would like to discuss any of these matters further, please contact me on 04 495 6354.

Yours sincerely



Karen Collins
Senior Regulatory Advisor

² The Electricity Authority anticipates that the model use-of-system agreements will be finalised by June 2012.

Appendix A: Responses to Consultation Questions

QUESTION	COMMENT
Q1. Do you have any questions or comments about the legislative or strategic context for this work on distribution arrangements?	No.
Q2. Do you have any comments on Gas Industry Co's work thus far on distribution arrangements?	No.
Q3. Do you agree with the assessment framework proposed? If not, please provide suggestions for improvement or amendment.	Yes.