



8 May 2012

Jacki Eves
Senior Legal Counsel
Gas Industry Company Limited
PO Box 10 646
Wellington 6143

Mighty River Power Limited
Level 14, ANZ Centre
23-29 Albert Street
Auckland 1010
PO Box 90399
Auckland 1142

Phone: +64 9 308 8200
Fax: +64 9 308 8209
www.mightyriverpower.co.nz

DDI: +64 6 348 7926

Dear Jacki

Distribution Contract Principles

Introduction

1. Mighty River Power welcomes the opportunity to respond to the Gas Industry Company's Consultation Paper on Distribution Contract Principles: proposed design of the assessment framework published on 29 March 2012. No part of the submission is confidential and Mighty River Power is happy for it to be publicly released.

Comments

2. Our completed submission in the template format provided by the Gas Industry Company (GIC) is attached below.
3. We note in the Executive Summary that the Gas Industry Company suggests that Retailers are in a better position to negotiate agreements with Network Operators than end users are to negotiate agreements with Retailers. It should however be noted that end users generally have the choice of several potential Retailers whereas Retailers can only negotiate with a monopoly supplier of distribution services.
4. Transmission services are also provided by monopoly services and both Maui Development Limited and Vector Gas Limited have developed operation codes complemented by Transmission Services Agreements. The Maui Pipeline Operating Code (MPOC) and Vector Transmission Code (VTC) mitigate some of the monopoly providers' powers through their change request process which allows their customers as well as the Transmission Operators to propose changes to the codes with the Gas Industry Company acting as an independent arbitrator.

5. In addition to the change request process the development of a Distribution Operating Code would allow Network Operators to update individual sections of their Codes in line with new regulations and rules as any new regulations and rules are implemented.
6. A Distribution Operating Code would, we believe also minimise the time and effort required when the Code required to be resigned or rolled over and would, in our opinion, assist Network Operators in their compliance with Principle 3 of the Distribution Principles.
7. Separate Network Service Agreements would then be relatively short documents which can be customised for individual Retailers and cover issues such as pricing schedules and standards of service.
8. We appreciate that a Distribution Operating Code is outside the scope of this current work program but would ask the GIC to consider it as a possible medium term objective. A potential longer term objective could be the creation of a single national Distribution Operating Code covering all the open access networks.
9. With regards to the assessment principles we would ask that the Gas Industry Company include in Principle 4 an assessment against the Information Exchange Protocol currently being developed by Gas Retailers to assist them to comply with the Gas (Safety and Measurement) Regulations and the Reconciliation Rules.
10. We would also suggest that within Principle 4 there should be a specific assessment of the accuracy of the information that Network Operators are required to provide under the Reconciliation and Switching Rules.
11. We note that Principle 5 allows for the provision of Standards of Service provided within the Network Services Agreements but does not include any requirement for the Network Operator to publish its compliance with their Standards of Service or the application of penalties for failing to comply with those Standards. We believe that monitoring and publishing compliance with Standards of Service should be included in Principle 5 of the assessment process.
12. Whilst we accept that the provision of gas metering services is contestable these are in practice only really contestable at the time of the first connection. It is now a very rare situation where a like for like gas meter is switched out.

13. The Gas Measurement Systems (GMS) on the Powerco Taranaki and Hutt Valley networks and on the GasNet networks are almost if not all provided by the network operator. Most if not all of the GMS on the Vector ex NGC networks are provided by Advanced Metering Services, a subsidiary of Vector.

14. We would therefore propose that the Gas Industry Company either extend the assessment arrangements for network services to include GMS services or have a separate workstream to assess GMS Agreements.

Concluding remarks

15. If you would like to discuss any of our above comments directly with Mighty River Power, then please do not hesitate to me on 06 348 7926 or 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

Error! Reference source not found.

Submissions by: Jim Raybould – Mighty River Power

QUESTION	COMMENT
Q1: Do you have any questions or comments about the legislative or strategic context for this work on distribution arrangements?	Mighty River Power is in full agreement with the Gas Industry Company's assessment of the current situation and in particular with regards to the need to update all of the Network Services Agreements.
Q2: Do you have any comments on Gas Industry Co's work thus far on distribution arrangements?	No comment
Q3: Do you agree with the assessment framework proposed? If not, please provide suggestions for improvement or amendment.	Mighty River Power would prefer that the initial assessment was by network operator rather than a consolidated report however we are happy to defer to the majority view on this. With regards to the agreements to be assessed we support the proposal discussed at the workshop with regards to the version of Agreements to be assessed. Specifically we agree that the Network Operators should have an agreed length of time to update their Agreements but if an updated Agreement is not available at the end of that time then the current Agreement should be assessed.