

## Contact Energy Submission on Gas Industry Company Paper “Switching and Compliance” dated 19 January 2007

Submission prepared by: Contact Energy (Rod Crone)

Question	Comment
Q1: Do you agree that the draft rules did not meet the intent of the rule drafters by effectively making confidential network price and other sensitive information available to all participants?	Agree
Q2: Do you agree that the draft rules should be amended to include a “disclosure on application” code to be used for some ICP parameters?	Agree
Q3: Do you agree that the amended draft rules included in this paper achieve the appropriate outcome for confidential network price and other sensitive information?	No. The decision notes that inclusion through amended draft rules 44, 47 and 48, that <u>reasonable use of disclosure on application is acceptable</u> . None of the amended draft rules cover off the point of principle underlined, rather rule 48 states that “disclosure not to be unreasonably withheld”. This covers only part of the issue. Every switch with a network price category code (or metering price category code) of POA will require a manual process to allocate a retail pricing plan, whereas ICPs with standard network price category codes linking to a standard price schedule will enable more efficient automated allocation of pricing plans – so the key principle we wish to see captured in rule 48 is to restrict the numbers of ICPs with POA to a reasonable level (i.e. maximum 1-2% of ICPs as suggested in the information supporting the decision).
Q4: Do you agree that the draft rules did not meet the needs of participants by not catering for inclusion of consumer installations directly connected to transmission systems?	Agree
Q5: Do you agree that the amended draft rules included in this paper are an appropriate means by which ICPs related to consumer installations directly connected to transmission systems should be added to and maintained in the	No.  <u>Firstly</u> , the proposal notes the insertion of rule 43.3, however there is no rule

Question	Comment
registry?	<p>43.3.</p> <p><u>Secondly</u>, it is important that direct supply consumer ICPs are clearly identifiable in the registry. While we support the GIC appointing a responsible distributor to manage the registry functions, there is still a need to identify the Network owner against each ICP by having a Network owner code in the registry. By only populating the responsible distributor we would not be able to identify the relevant network the ICP is connected to without linking the gas gates to the Network owner.</p> <p>In electricity most embedded network owners have one of the existing local network owners manage registry functions for their ICPs as agent. However the Network code on the registry is that of the embedded network owner.</p> <p>We would expect a similar principal to apply in gas for ICPs connected to embedded networks (Whangarapoa) and directly to the transmissions system.</p> <p><u>Thirdly</u>, it is not clear in the draft rules what ICP type is intended to achieve as it is not defined and Part A is not clear, however it is noted that the electricity industry used to have a code for “connection type” which has now been changed to “reconciliation type”.</p> <p>We would like clarity as to whether ICP type is intended to be used for similar purposes as in electricity, in which case we need gas equivalents of GD for direct supply, GN, EN, LE etc.</p> <p><u>Fourthly</u>, it is noted there are already existing gas gate codes for all gas gates connected to direct supply consumers so no new ones are needed as suggested in the GIC response.</p>

Question	Comment
Q6: Do you agree that the registry operator should be covered by the compliance regulations in respect of the switching rules which impose process obligations on the registry operator?	Agree
Q7: Do you agree that there should be a liability cap for the registry operator?	Agree
Q8: Do you agree with the amounts specified?	Agree
Q9: Do you agree that some aspects of the registry operator performance are best managed through a service provider contract?	Agree
Q10: Do submitters consider that the draft rules attached to this paper adequately reflect the intent of the Switching Proposal? If not, please provide drafting amendments in mark-up form.	<ol style="list-style-type: none"> <li>1. Cannot provide in marked up form as draft rules provided in pdf document. Comments follow.</li> <li>2. Clause 46 – As a change in loss factors (linked to loss factor codes) affects retail pricing and/or billing, and the energy industry norm is for 40 business days notice of price and loss factor changes to allow retailers to give 30 days notice of price changes to consumers as required under the EGCC Consumer Code of Practice, it is important that the notice requirement in this clause for retailers (at least) be 40 business days.</li> <li>3. Clause 57.2 – typo “rule 0”.</li> <li>4. Clause 72.4 – Contact is not aware of any gas TOU device that resets to zero after each actual reading, so we are not sure of the basis of the GIC response to Contact’s submission on this or the need to retain clause 72.4.</li> <li>5. Clause 72.5 – Contact accepts the GIC response, however there is a typo in the clause – is “on” meant to be “or”?</li> </ol>

Question	Comment
	6. Clause 80.4 – clause number but no clause.
<p>Q11: Do submitters consider that the draft regulations attached to this paper adequately reflect the intent of the Compliance Proposal? If not, please provide drafting amendments in mark-up form.</p>	<p>Like Genesis, Contact considers that alleged breaches should only be notified to all participants once the alleged breach is referred to an investigator - i.e. when it has passed the materiality test or the market administrator is unable to determine from the information provided whether it is immaterial or material. This is consistent with the electricity industry compliance process, which can be found on the Electricity Commission website under</p> <p>Rules and Regulations / Compliance / Compliance Conference / Breach Notifications to the Rulings Panel.pdf</p> <p>Efficiency is not the issue, the issue is that it is inappropriate to notify participants of allegations of breaches if they are found after independent analysis by the market administrator to be clearly immaterial.</p> <p>Accordingly Contact requests that clauses 13-22 be amended as appropriate to achieve consistency with the electricity industry compliance process.</p>