

Consultation template – Gas Governance (Insolvent Retailers) Regulations 2010—Statement of Proposal

Contact Energy Limited (Rod Crone and Simon Hope)

| QUESTION | COMMENT |
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| <p>Q1: Do you agree that the Regulations should be revoked under regulation 19? If not, what suggestions do you have for overcoming the shortcomings outlined above?</p> | <p>Yes, agree. There is risk that the Regulations do not provide a set of transition arrangements that would be suitable in all instances of retailer insolvency.</p> |
| <p>Q2: Do you have any comments on the provisions of the Regulations themselves?</p> | <p>We consider the regulations were suitable for the context within which they were developed.</p> |
| <p>Q3: In your view, is some form of regulatory intervention required to deal with cases of retailer insolvency?</p> | <p>We consider that the GIC needs to be prepared for retailer insolvency, but not necessarily have standing retailer insolvency regulations. Standing regulations would need to be extremely broad to cover the spectrum of circumstances that may arise.</p> <p>Contact considers that the regulations promulgated for the E-Gas event provide a sound basis for a future event, and could be used as a starting point (with appropriate amendments) for future events. The key issue with this could be the Government's appetite to allow them to be promulgated under urgency without a standard consultation process. Consideration could be given to identifying agreed principles ahead of such insolvency events.</p> |
| <p>Q4: Are there other factors to consider that have not been mentioned?</p> | <p>No</p> |

| QUESTION | COMMENT |
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| Q5: Do you agree that the objectives addressed by the Regulations were appropriate? | Yes, agree |
| Q6: Are there others that an insolvent retailer policy should address? | No |
| Q7: Are there any other options that Gas Industry Co should consider? | No |
| Q8: What are your views concerning alignment with the default arrangements being developed by the Electricity Authority? Are there opportunities for harmonisation that we have not identified? | Given the links between the gas and electricity markets, and the presence of some participants in both markets, it would be sensible to provide for alignment where it was appropriate and where it provided certainty for participants and consumers. It is acknowledged that the difference in governing regulation may limit the ability for high levels of alignment. |