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6 March 2009

Attention Bas Walker

Gas Industry Company
WELLINGTON

Dear Bas

Re – GIC Nova Submission SW08-11-T149575 1

E-Gas Group encompassing (E-Gas Limited and E-Gas 2000 Limited) is pleased to provide our response to the above submission reference.

Regards

Syd Hunt
E-Gas Group of Companies

New Connections
Gas Safety Checks
Appliance Servicing
Residential Gas Supply
Commercial Gas Supply

Appendix A Recommended Format for Submissions

To assist the Gas Industry Co with the consideration of submissions, a suggested format for the preparation of submissions is set out below. This reflects the issues discussed in the main body of the paper. Submitters are free to provide any other material.

Submission from:

Syd Hunt

General Manager

E-Gas Group of Companies

Question	Comment
<i>Q1: Do you agree or disagree that the consumer installations connected to Nova Gas' bypass networks should be included in the gas registry and subject to the Rules? Please give your reasons</i>	E-Gas strongly agrees that they all should be included in the gas registry. If the registry is to have any integrity it must have every individual ICP/Consumer registered no matter what network it is on. The reasons should be obvious. This information is required for safety purposes so that any premises using gas is able to be individually located in case of an emergency or for load shedding should it be required. In the event that the GIC does not see itself as having a responsibility for safety (which we would find very surprising) there is a requirement under the Gas Act that all consumers should be individually identifiable and we would see GIC as having a responsibility to enforce this requirement.

Question	Comment
<p><i>Q2: Do you agree or disagree that a transitional exemption should be granted as sought? Please give your reasons.</i></p>	<p>No. E-Gas does not agree. Nova was well aware of the requirements to have all information in place for the 1st of March 2009. They have had ample time prior to this application to do so and we believe Nova to their advantage, have deliberately used this as an opportunity to frustrate the intention of the 1st of March “Go Live” date. To allow Nova now to have a further exemption with submissions only due on the 10th of March (10 days after go live date) with a further period for consideration makes a mockery of the whole situation. If this is accepted then the same opportunity should have been given to all other retailers who have complied with the requirements only to have Nova once again frustrate the process.</p>
<p><i>Q3: Do you agree or disagree with Nova's proposition that a transitional exemption should be granted mainly as a holding action until the issues in relation to bypass networks under both the Rules and the Gas (Downstream Reconciliation) Rules 2008 can be properly addressed? (The alternative is to address the underlying issues in the present application on their merits immediately, and deal separately with the downstream reconciliation issues at a later time.) Either way please give reasons.</i></p>	<p>We strongly disagree with Nova's proposition. Once again every other Gas Retailer has been confronted with the same issues and they have managed to resolve them in a timely manner. Nova has failed to do so.</p> <p>Furthermore, the exemption DR 08 - 27-U; Bypass Gas Gates should also not have been allowed as it puts Nova in a unjustifiably privileged situation and removes accountability, auditability and fees for these gates. We believe that GIC will not be able to gain any useful information while this exemption exists and yet again it is totally wrong that Nova has been allowed to do this when other Gas retailers and distribution companies are required to comply.</p>
<p><i>Q4: If a transitional exemption is granted – and given the desirability as suggested by Nova Gas, of considering at the one time, the substantive issues in regard to the coverage of bypass networks by both the Rules and the Gas (Downstream Reconciliation) Rules 2008 – is there any merit in the exemption expiring other than on the same date (30 June 2009) as the existing downstream reconciliation exemption?</i></p>	<p>E-Gas does not believe that there should have been any exemption of this kind in the first place and strongly objects to the privileged position that Nova has been granted.</p>

Question	Comment
<p><i>Q5: Given the additional information set out above, do you consider that there would be any adverse impact on other registry participants if the exemption as sought was granted? In particular would the ability of a move to occur from a customer installation on a bypass network to a new/recommissioned consumer installation on an open access network be impaired? If you think there would be adverse impacts, explain what they are and the reasons for those impacts occurring</i></p>	<p>E-Gas believes that there always has been and will continue to be a substantial disadvantage to all other Gas Retailers to gain access to sites that are on the Nova bypass network. Until such time that each site is identified by a unique ICP this disadvantage will continue. The reverse is not true as Nova has full access to individual ICPs on all other networks and therefore once again is in a privileged situation. The adverse effect flows onto the end consumer who if currently on the Nova network is unable to get contestable gas retail prices from other Gas Retailers. This is a huge disadvantage and has financial ramifications to this group of customers who are captured by Nova on their bypass network.</p>
<p><i>Q6: The possibility of adverse impacts on the ability to move to or from a bypass network under the Rules notwithstanding, do you have any information available which would indicate that these occurrences would be likely during the proposed term of the exemption?</i></p>	<p>E-Gas can supply examples should they be required and these occurrences will continue during the term of any exemption, just as they have in the past.</p>
<p><i>Q7: The ability to make a switch aside, are there any wider reasons for not granting the exemption and ensuring that data for all Nova Gas' bypass ICPs is entered into the registry? If yes, what are those wider reasons?</i></p>	<p>Yes. Safety (as covered earlier), portability for the consumer (the ability to move from one network to another) and auditability (the supply of accurate and meaningful information).</p> <p>All these above factors put the integrity and functionality of the Gas Registry into question.</p>
<p><i>Q8: Do you think the condition suggested by Nova Gas, ie that all of the ICPs on each bypass network should be represented by a single notional ICP, is practicable or acceptable? Give the reasons for your view. If you disagree with this alternative arrangement, do you have any views on a more acceptable alternative condition?</i></p>	<p>The use of one ICP on the bypass network is not acceptable. As outlined earlier, each individual should have its own unique ICP number and there are no views supporting any acceptable alternative condition.</p>

Question	Comment
<p><i>Q9: Do you consider that the nature of the exemption proposed by Nova Gas is such that Gas Industry Co has the jurisdiction to grant a transitional exemption under rule 90?</i></p>	<p>There are two aspects to this question.</p> <p>The first relates to the powers given to GIC under Rule 90 to have jurisdiction to grant a transitional exemption. We accept that if this was not the case then the Rules become nonsense and the GIC has no value.</p> <p>The second point is that in exercising this responsibility GIC has to be conscious that it considers very carefully the impact of transitional exemptions not only for the party that applies for the exemption but also the impact that this exemption may have on all other participants. This requires them to consider fairness and equity and anything short of this is not acting responsibly.</p>
<p><i>Q10: Do you have any views on the contention by Nova Gas that, in respect of its bypass networks, Nova Gas is not a 'distributor' under the Gas Act 1992 and the Rules?</i></p>	<p>We find Nova's contention somewhat amusing as until this point in time they have always claimed to be a distributor - therein lies the answer - they are a distributor. Once again Nova is changing (like a "chameleon") their position to suit the circumstances for their own selfish advantage.</p>