

20/7

17 April 2009

Gas Industry Company Limited
PO Box 10-646
Wellington

Dear Sir / Madam

APPLICATION OF GAS GOVERNANCE ARRANGEMENTS TO PRIVATE NETWORKS

Thank you for giving us the opportunity to comment on the Application of Gas Governance Arrangements to Private Networks. I am responding on behalf of Energy Direct NZ Limited (EDNZ).

EDNZ believes it is inappropriate to exempt bypass networks from the Gas (Switching Arrangements) Rules 2008.

- The Gas Registry is intended to be the database of record for all gas connections and as such, connections on bypass networks should be treated in the same way as those for other networks. This will ensure that the gas registry is complete, and full information will be available in the event of a gas emergency or safety issue.
- Bypass Networks should be required to comply with the switching rules when customers switch between bypass and open access networks.

EDNZ agrees that bypass networks may be granted exemptions from the Gas (Downstream Reconciliation) Rules 2008, as all consumption at the gas gate would be allocated to the bypass network owner. However, there should be some constraints including that the bypass network retailer:

- Is required to supply historic consumption information if the supply switches to another gas network and or retailer; and
- Agrees not to trade on the local open access network for individual supplies also connected to the bypass network.

EDNZ would prefer bypass networks to be subject to the Gas (Information Disclosure) Regulations. Information Disclosure is now intended to provide customers with full information which they can use to negotiate with network service providers, and we see no reason why bypass networks should be exempt from this. We understand that the Ministry of Economic Development has decided that disclosure for bypass networks is

unnecessary if the bypass network does not have any natural monopoly characteristics or market dominance.

If you would like to discuss our comments further please contact me by email at tara.gannon@energydirectnz.co.nz or by phone on DDI 06 349 2055. Alternatively you can contact our General Manager, Michael Ram, by email at michael.ram@energydirectnz.co.nz or by phone on 06 349 0129.

Yours sincerely

Tara Gannon
Energy Trading Manager