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*An independent trading  
division of Wanganui Gas Limited*

Dear Nicole

### **GAS SWITCHING**

As always thank you for the opportunity to comment on the latest papers on the Revised Proposal for Allocation of Switching and Registry Costs for the Gas Industry. I am responding on behalf of the Energy Direct NZ (EDNZ), the energy retailing division of Wanganui Gas Limited.

EDNZ continues to have grave concerns about the costs associated with the implementation of a central registry for a market of fewer than 250,000 customers. While we have consistently seen claims of significant cost savings that will accrue as a result of the introduction of a central registry, we have, in my opinion, yet to see any substantive justification of these claims.

In addition when I have in the past pointed out to the Gas Industry Company that the central registry will increase rather than reduce our operating costs I have been advised that as the central registry was for the "greater good" then the concerns of EDNZ would be sacrificed. In my opinion this position is unacceptable.

We also fail to see how the development of a central registry will improve the ability of customers to switch retailers as from the experience of all retailers there are a significant number of customers charging supplies every day.

The Gas Industry Company has in the past, when challenged, stated that the central registry is not inevitable but will be dependant on the final cost of creating it. As part of this consultation process I would ask that the Gas Industry Company advise participants what the cost is that will make or break the creation of a central gas registry.

Again thank you for the opportunity to comment on these matters. I would be happy to discuss any of the issues raised in our submission with you and can be contacted on e-mail at [jim.raybould@energydirectnz.co.nz](mailto:jim.raybould@energydirectnz.co.nz) or by phone on DDI 06 349 0126.

Yours sincerely

A handwritten signature in black ink that reads "Jim Raybould". The signature is written in a cursive, flowing style.

Jim Raybould  
**MANAGER**

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## Appendix A: Recommended Format for Submissions

To assist Gas Industry Co in the orderly and efficient consideration of stakeholders' responses on switching and registry cost allocation, a suggested format for submissions has been prepared. This is drawn from the questions posed in the body of this discussion paper. Respondents are also free to include other material on switching and registry cost allocation in their responses.

Submission prepared by: Jim Raybould

(Energy Direct NZ, Jim Raybould)

QUESTION	COMMENT
<p><b>Q1:</b> Do you agree that the cost savings from the registry are likely to accrue in greater proportion to retailers than to distributors and meter owners?</p>	<p>Energy Direct NZ (EDNZ) can only comment on the basis of how the proposal will impact on itself as a retailer. To date we have seen no evidence that there will be any cost savings to EDNZ as result of the introduction of a Switching Registry. On the contrary we forecast that as a result of the registry our operating costs associated with switching will increase significantly.</p> <p>Given that we anticipate that a Switching Registry will increase our operating costs then obviously we cannot agree with this proposition.</p>
<p><b>Q2:</b> Do you agree that transactions costs are likely to be reduced by allocating costs 100% to retailers rather than split between retailers, distributors and meter owners?</p>	<p>Yes but we would question if these transaction cost would be significant.</p>
<p><b>Q3:</b> Do you agree that the electricity registry cost allocation may not provide a useful guide to the cost allocation for the gas registry?</p>	<p>EDNZ believes that once an issue is clearly defined within the Gas Industry then the obvious place to consult is the electricity industry to see if a similar problem exists and how it is dealt with in that industry. That is not to say that the Gas Industry should automatically adopt what the electricity industry has implemented.</p> <p>In this situation if the current proposal goes ahead then the Gas Industry will be faced with a similar problem that has confronted the Electricity Registry which is if the Retailers are paying 100% for the Registry development and costs then should the Network and GMS operators have "representation without taxation" in respect of the operation of the Registry?</p>

<p><b>Q4:</b> Do you support the revised proposal to allocate switching and registry costs, both development and ongoing costs, 100% to retailers with the proportion based on their respective share of ICPs? What are your reasons?</p>	<p>No. Firstly as stated in your paper in 3.18 all the analysis is based on indicative rather than robust and/or highly accurate data. In our opinion until such time as the case for the Registry is proven then, and only then, can you identify who will accrue the benefits and therefore who should pay for the Registry.</p> <p>Secondly you have based your revised proposal on the premise that there is an overwhelming majority in support of this change in the allocation of costs when in fact one retailer and two distributors have expressed this preference out of 7 parties that made submissions.</p>
<p><b>Q5:</b> If you do not support the proposal, what alternative proposal would you support? What are your reasons?</p>	<p>Assuming that the actual costs for the Registry can be justified then EDNZ is still of the opinion that as the Registry will be a database of record of ICPs that the cost of developing the registry should be bourn by both the network and GMS companies on an 80/20 split. The cost of the registry will then be passed on to retailers as part of the tariffs applied by the network and GMS operators.</p>