



20/7

30 August 2012

Ian Dempster
Gas Industry Company
PO Box 10-646
Wellington

Dear Ian

**PROPOSED REVISED GUIDELINES FOR ESSENTIAL SERVICE PROVIDERS AND
MINIMAL LOAD USERS 2012**

Thank you for the opportunity to comment on the proposed revised guidelines for essential service providers and minimal load users 2012. I am responding on behalf of Energy Direct NZ (EDNZ).

We agree in principal with the proposed amendments, and have suggested some minor points that could be clarified.

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@energydirect.co.nz or by phone on 06 349 0129.

Yours sincerely

A handwritten signature in black ink that reads "Tgannon".

Tara Gannon
Energy Trading Manager

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QUESTION	COMMENT
<p>Do you agree with the proposed revisions to the Essential Services and Minimal Load Guidelines? If there are aspects that you disagree with, please explain what they are and why.</p>	<p>EDNZ agrees with the proposed changes in principal.</p> <p>Table 2 Service Assessment for ESP Designations</p> <p>(e) We believe crematoria should be added to this list of ESPs. They should be asked to curtail gas consumption as long as they have sufficient cold storage. Having an ESP designation may allow crematoria to use gas where there is insufficient cold storage to delay cremation.</p> <p>(a) and (e) Some of our customers use gas for animal farming or slaughtering processes. During the Maui gas outage, one of these customers was warned that they could face prosecution under animal welfare regulations if animals were not treated humanely during the outage. The guidelines should specifically state whether animal welfare is or is not to be considered when classifying ESPs, so that customers can plan accordingly.</p> <p>Minimal load consumers</p> <p>(3.2) We believe that rather than requiring all minimal load consumers to completely shut down if band 4 is curtailed, consideration should be given to the level of their “minimal flow”. If the flow is below a certain level and the risks associated with complete shutdown are significant, it may be appropriate for these consumers to continue to use gas if customers in other bands are curtailed.</p> <p>(table 4) We believe that “avoid serious health and safety risks” should be added, provided that the consumer can demonstrate that significant health and safety risks would occur and could not be mitigated. We have a customer who processes chemicals, and loss of gas supply would result in serious health and safety as well as environmental risks.</p>

PROPOSAL	COMMENT
<p>Are there other revisions that you would suggest for the Guidelines? Please outline what they are and why you think they are important.</p>	<p>We believe that consideration should be given to classification for customers who only use gas for part of the year. These customers may have daily consumption equivalent to customers in higher bands during peak production periods, but at other times may consume no gas at all.</p> <p>The definition of gas consumption over 15 TJ per day could be clarified, e.g. over 15 TJ per day on average over the year, or over 15 TJ per day for a certain number of days of the year.</p>