

6 December 2021

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Sent via email: consultations@gasindustry.co.nz

Dear Andrew

Extending the Electricity Price Review's Final Recommendations to the Gas Market – Finalising Gas Market Guidelines

Firstgas Group welcomes the opportunity to comment on the Gas Industry Company's (GIC) consultation document "*Extending the Electricity Price Review's Final Recommendations to the Gas Market – Finalising Gas Market Guidelines*" released on 9 November 2021.

We are making this submission primarily on behalf of our Rockgas and Firstgas Distribution businesses that supply LPG and natural gas to over 165,000 customers through our gas network of over 2,500 kilometres of high-pressure transmission pipeline and 4,800 kilometres of distribution pipeline in the North Island, 36 local LPG suppliers, and over 180 Refill and Save locations across New Zealand. Rockgas, in particular, is classed as a "LPG supplier" under the proposed GIC guidelines and is more directly impacted by the introduction of this guidelines. We have provided detailed comments on the guidelines in **Attachment 1**.

Protection for medically dependent and vulnerable customers

Firstgas' distribution business and Rockgas agree that we need to protect our medically dependent and vulnerable consumers in New Zealand. As a business, we work hard to care for all customers, and we support additional measures being put in place to support those customers most in need.

However, Rockgas has several concerns with the current draft guidelines.¹ The document appears to have been written from the position of piped natural gas, with limited consideration of the additional complexities of supplying LPG cylinders. Supplying LPG cylinders to customers requires a person to physically attend customers sites, and while consideration for the vulnerable person is critical, limited attention has been given to the provision of this service in a safe manner.

Furthermore, we are concerned that emergency response has been de-prioritised in the guidelines, with the expectations drafted prioritising communicating with impacted persons *prior* to isolating a site. Adding additional complexity to any emergency response process increases risk to emergency services and all parties in proximity. It is critical to consider whether LPG does fuel life support equipment, and whether interruption of energy supply would cause immediate threat of loss of life. Therefore, Rockgas believes emergency response must be prioritised in the guidelines, with the subsequent priority being returning supply urgently to vulnerable customers.

¹ Appendix A of the GIC consultation document.



Definitions of medically dependent and vulnerable consumers

We disagree that replication of medical dependency guidelines with that of the electricity market is relevant or required for natural gas / LPG consumers. We query what constitutes being medically reliant on natural gas hot water or heating appliances, and whether hot water or heating are considered an appliance required for medical dependency in the current electricity guidelines.

We recommend that greater consideration is given to what constitutes a “vulnerable” customer in the gas of natural gas and LPG. Is this financially vulnerable, mentally vulnerable, consumers living with disabilities, having a family? This could lead to businesses having to account for and manage multiple types of vulnerability that are relevant to gas appliances and gas use. Some greater clarity would be recommended before finalising the guidelines.

Application to gas distribution business

We note that for our gas distribution business, disconnections for non-payment or vacancy are currently managed by the meter owner as the disconnections occur at the meter. We query whether the GIC has sought / received input from meter owners on these matters, before finalising the guidelines.

Rockgas’ role as an LPG retailer

As outlined in our March 2021 submission,² Firstgas supports raising awareness of the PowerSwitch website and the Utilities Disputes scheme. However, we are wary of expanding these services beyond dual fuel retailers, to LPG retailers and gas distributors. At present, Rockgas is unable to support the inclusion of LPG within Powerswitch until the review of including LPG cylinder pricing has been reviewed, consulted on, and agreed to. We would welcome the opportunity to be involved in this work, as we outlined to GIC staff, to ensure that this change is beneficial for customers and provides data that is truly comparable across retailers.

Use of voluntary guidelines

Firstgas has strong concerns with how the GIC has signalled that it will monitor compliance with these voluntary guidelines. For example, the GIC may publish details including a retailer’s name for non-compliance with these drafted guidelines. Compliance is not possible when the guidelines are established as voluntary. Rather, we consider that the focus should be **alignment** with the guidelines.

As stated in the guidelines, it is deliberately non-prescriptive and is intended to provide only a framework within which participants can innovate. This provides retailers with the license to interpret, (without providing clarity or concise language) while allowing innovation. This will enable multiple ways of implementing the guidelines and therefore, "compliance" in this case will become relative and subject to interpretation. If the GIC are seeking compliance, then a voluntary guideline is not the correct tool to achieve this outcome.

² <https://firstgas.co.nz/wp-content/uploads/Extending-the-Electricity-Price-Review-to-the-Gas-and-LPG-Sector.pdf>



Contact details

Firstgas Group appreciated the opportunity to meet with GIC staff to discuss our detailed comments on these guidelines. If you have any further questions, please contact me on 027 472 7798 or via email at karen.collins@firstgasgroup.co.nz.

Yours sincerely

Karen Collins
Regulatory and Policy Manager



Attachment 1 Comments on guidelines

Red text refers to text from the GIC's consultation document.

Page #	Section	Area of concern
7	2.3.1	Medically required refrigeration- Is this relevant for Natural Gas or LPG? This may be an issue for medically dependent consumers (MDCs) residing in caravans or campers as their fridges are frequently run-on smaller LPG Cylinders
8	2.3.3	Gas Industry Company has however amended the Gas Consumer Care Guidelines to reflect the approach taken in the EA CCGs- Referencing retailers working towards having the capability to monitor individual customer consumption to help them anticipate which customers may benefit from assistance. GIC's response does not appear to have considered cylinders, only piped gas.
11	2.4	Gas Industry Company will survey Gas Retailers that also supply electricity to consumers 12 months after publishing the Gas Consumer Care Guidelines, to monitor compliance. Regulatory change recommendations will be considered if this voluntary compliance approach proves unsuccessful. Which category would Rockgas fall into as we have an enduring collaborative marketing relationship with Contact Energy. Rockgas and Contact Energy have dual branded, dual energy offerings in the market; however, we are separately owned companies.
11	2.6	Are any modifications required to the Gas Consumer Care Guidelines to take account of the unique characteristics of the bottled LPG market? No Significant issues were raised by submitters. We disagree with this as there is significant issue with guaranteed supply. We deliver cylinders. A cylinder may run out and supply is ceased. This is beyond the retailer's control if no order has been placed.
11	2.7	Those using less than 10 terajoules of gas per year. Could this measurement reference be changed to something more reflective of industry typical measurement types? Terajoules is more commonly used in the Electricity sector.
12	3.3	Utilities Disputes and Powerswitch Guidelines – these guidelines recommend retailers continue to provide retail natural gas pricing information to Powerswitch and Gas Industry Company is reviewing the addition of adding 45kg LPG bottle pricing to Powerswitch. Rockgas would like to reiterate our concerns about extending this requirement to LPG cylinder business. Unlike electricity or piped gas, selecting a preferred retailer does not ensure that retailer can supply a premise. Engaging a particular retailer to service your property would be subject to a site check. A retailer may be unable to supply a premise due to delivery health and safety concerns, compliance issues or delivery access issues.
13	3.4	Do you agree with the Gas Industry Companies proposed narrower approach than implemented in the electricity market in relation to the provision of Utilities Disputes information? Yes, however Rockgas believes it should be narrowed to include only billing, complaints, term or condition changes, website, and price changes communications.
14	3.6	Gas Industry Company Investigating the associated costs and implementation complexities of adding LPG pricing (45kg bottles supplied to residential consumers) to Powerswitch. The timing and implementation of Powerswitch provisions of the Utilities Disputes and Powerswitch Guidelines to 45kg LPG retailers awaits completion of this work. Rockgas is unable to offer full support of points 3.5 and 3.6 as they ask for agreement to support proposed implementation timelines while the complexities associated with Powerswitch are unresolved. Rockgas requests the opportunity to revisit once the associated costs and complexities of adding LPG cylinders has been consulted on, agreed to, or finalised.
17	Appendix A	Alternate Contact Person. The alternate contact person must be independent of the retailer. Would be better phrased as "should" rather than must. Or further clarification of "independent of retailer" is required.
17	Appendix A	Customer means a person who has entered into a contract with a retailer for supply..... If a consumer is without a contract to a retailer, are they not a customer?



Page #	Section	Area of concern
18	Appendix A	"LPG Bottle" means 45 kg LPG Bottle. Is the intention of the Consumer Care Guidelines to exclude residential customers using alternative sized cylinders from the care model? LPG refrigeration and heating is commonplace in caravans and motor homes. Rockgas does also supply alternative sized cylinders to some permanent residential dwellings. Rockgas believes that some MDC and vulnerable customers are using alternative sized LPG cylinders to supply residential gas
18	Appendix A	"LPG Retailer" Means any person who supplies LPG to a customer by reticulated distribution or in LPG Bottles. If the intention of the Consumer Care Guidelines is not to exclude some residential consumers, then LPG Retailer may be extended to 3rd party resellers including service stations, Hardware stores and any bottle swap site
18	Appendix A	Gas Distributor Has not been specified in appendix, first appears at page 31. Further clarification is required.
18	Appendix A	While Medically Dependent Consumer is defined, Vulnerable Gas consumers is not? There is no further clarification within the Gas Consumer Care Guidelines what constitutes a Vulnerable Gas consumer. While expectations are placed on retailers to adhere to the guidelines and there is possible penalties associated with non-compliance Rockgas believe further clarification or criteria is required to support retailers successfully implementing guidelines.
19	Appendix A	"Uncontracted premises" means a residential premise that a Retailer is supplying Gas to, without a current Retail supply contract. Rockgas has been unable to establish the impact to retailer within the care guidelines? Residential customers are currently uncontracted.
20	3)(2)a) & 3)(3)	Customers facing difficulties paying for Gas supply should be supported by their Retailer, including by helping preventing customers accumulating debt over Gas supply. Retailers will seek to keep customers connected, avoiding disconnection for an unpaid Gas invoice. Rockgas believes proposed limitations to processes and the requirements to avoid disconnection do not align or support the requirement of 3)a)(2)(b)
21	5)a) & b)	Retailers should have and use processes and systems to request, record, allow them to access and ensure that they use information on customers' communication preferences (communication type and method, timing and language) This is unreasonable as most second tier retailers will not have the infrastructure to administer this guideline. It would add undue complexity and cost. We also seek further clarification around the expectation that retailers will supply records relating to consumer care in languages other than New Zealand's official language.
22	6)	When a customer signs up to or is denied a contract. This section makes no allowance or reference to non-compliant or unsafe sites. Retailers should not be required by the Consumer Care Guidelines to supply unsafe sites or hazardous sites.
25	8) d)	Retailers should work towards having the capability to reasonably monitor customers Gas consumption data normally collected by retailers with the aim of helping the retailer anticipate which customers may be about to be, or are already payment difficulties, and proactively engage with customers based on such insight to help ensure customers receive appropriate support and advice. With LPG customers, this is not achievable as there is currently no adequate technology or systems to monitor LPG consumption. Customer usage does not adequately predict a consumer's ability to pay their bills and we query whether it is reasonable to expect retailers to apply analytics to anticipate which customers may experience difficulties paying.
27	9) c) ii) (3)	The Retailer has confirmed the premises are not being switched to another Retailer (applies to Repossession/collection of LPG Cylinders) There is no LPG national register and therefore not possible to check if a site is currently in the "switching process" for LPG market.



Page #	Section	Area of concern
31	10) g)	Retailers should not proactively recommend an LPG Bottle service to a customer if the customer, or a consumer permanently or temporarily resident at a customer's premise, is an MDC or an unverified MDC. While Rockgas supports the premise and agrees it would provide the best certainty of supply for Medically Dependant Consumers, further clarification would be beneficial. Is the expectation that any MDC being supplied opposition cylinders to a residence with access to a reticulated gas network should be referred to the reticulated gas retailer?
31	10) j) ii)	Metering service provider is not specified in Appendix A, is this intended to reflect a 3rd party contractor of an LPG Distributor?
33	10) o)	Retailers may, if an unverified MDC does not provide a valid HP Notice verifying MDC status, after a period of at least 21 business days after under clause 10) m) (ii) (4)..... 10) m) (ii) (4) and ... (5) states "ask the unverified MDC for a valid HP Notice if one has not been provided with the application for MDC status and (5) Where applicable, confirm the validity of the HP Notice held by the unverified MDC. How can Retailers confirm the validity of the HP Notice, due to Privacy Act
33	10) o) i)	Request the valid HP notice directly from the District Health Board, private hospital, GP or Health practitioner the unverified MDC says provided the HP Notice if the unverified MDC has provided appropriate consent and contact details. Rockgas believes this to be an unreasonable request and a significant risk for reportable privacy breaches. How are retailers to predict what is an appropriate level of consent, in an appropriate format for each of the above-mentioned providers. Confirmation to release information is normally approved with the agent releasing the information in this case the Medical provider rather than the enquirer being the Gas provider.
33 & 34	10) p) i) & ii)	that the Retailer may not treat the unverified MDC as an MDC/unverified MDC; and that the unverified-MDC should, as soon as practicable, inform the relevant health practitioner that the retailer may not treat the unverified-MDC as an MDC/unverified-MDC Further clarification is required is the intention of this section is for the retailer to supply a specified time frame to supply HP or retailer will cease treating the customer as either a MDC or an unverified MDC
35	10) w)	Retailers should use reasonable endeavours to make sure they have effective and agreed processes with Gas distributors to support and prompt a Gas Distributer undertaking a disconnection of a domestic premise in an emergency, if practicable and there is sufficient time, to proceed with the disconnection only if... no consumers are at the premises or the distributor receives no response to its reasonable attempts to contact person at the premises during the distributors onsite visit(s); and.... the distributor has advised any MDCs at the premises of the reason for the disconnection and has advised any such MDCs to enact their individual emergency response plan,.... Unlike Electricity, Gas is a hazardous and a highly flammable substance. Time is always of the essence and to add further complexity to Emergency Response plans creates unnecessary additional risk. Rockgas believes following the guidance above would increase risk to all parties and attending emergency services. It is vital to recognise that there is no life support equipment i.e., dialysis machine, respirator or ventilator that are powered by LPG. For the safety of all, Rockgas suggests a safer option in case of an emergency would be "once site/area has been deemed safe, the retailer should contact any impacted MDCs as soon as reasonably practicable"
36	11) b)	Remote Gas reconnection should only occur if the Retailer can reasonably satisfy itself that the reconnections can be completed safely.... Is remote connection a possibility for Natural Gas? It is not available on reticulated LPG sites.
36	12) a)	Retailers should, in their consumers care policy, provide easy-to-understand detailed information on all fees, charges (including disconnection and reconnection charges). Conditional discounts and bonds charged or made available to customers, even if the retailer has published them elsewhere on its website.... Currently new customer welcome packs include links to website with this information. This ensures regardless of any changes since the customer has signed up, they will always access the most current versions of any documents.



Page #	Section	Area of concern
37	13) b) & c)	Gas industry Company will advise a Retailer of any non-compliance with the Gas Consumer Care Guidelines identified by Gas Industry Company. The retailer will work reasonably with Gas Industry Company to remedy any non-compliance. Gas Industry Company may publish the details (including Retailers names) of any identified non-compliance with Gas Consumer Care Guidelines. Rockgas would enquire how there can there be non-compliance to a voluntary scheme? Gas Industry Company has the rights to publish details including a retailer's name for non-compliance. Rockgas would strongly object to this. As stated in the document it is deliberately non-prescriptive and is intended to provide a framework within which participants can innovate. By allow retailers licence to interpret, without providing clarity or concise language and allowing innovation "Compliance" to become relative and subject to interpretation.
38	7	"Stand-alone Gas retailers" not defined in the Appendix
39	9	Reference for line 37. "The Gas Consumer Care Guidelines are deliberately non-prescriptive. This non-prescriptive approach is intended to provide a framework within which participants can innovate"...
39	11. & 12.	Alignment of timing without clarification of what is a "Stand-alone Gas Retailer" While Stand-alone Gas Retailer is undefined how are retailers to determine who commences in 12 months verses who commences in 24 months? Rockgas currently has a Marketing alliance with Contact Energy, there are dual energy companies in Market however both companies are individually and separately owned. If Rockgas was found to not be a Stand-alone retailer due to our association with Contact, would that then flow on Rockgas Franchises?
40	Appendix B	"Gas Distributor" means any who supplied line function services (in respect of natural gas or LPG), whether by means of a distribution system or by other means, to any Gas Retailer. In this case, does any retailer who has an LPG reticulated network then become both a retailer and a distributor?
40	Appendix B	"LPG Bottle" means 45kg bottle, again is the intention of the Consumer Care Guidelines to exclude all other sized LPG cylinders supplying to residential properties
40	Appendix B	"LPG Retailer" Means any person who supplies LPG to a customer by reticulated distribution or in LPG Bottles. As mentioned earlier if it is not the intention of the Consumer Care Guidelines to exclude some residential consumers then LPG Retailer may then be extended to 3rd party resellers including service stations, Hardware stores and any bottle swap site
40	Appendix B	References Gas (Switching Arrangements) Rules 2008- This applies to Natural Gas only.
43	4) b)	Powerswitch- while the inclusion of LPG cylinders being added to Powerswitch is still under review, it is critical to point out that if a consumer picks the cheapest retailer, it does not ensure a retailer will be able to deliver to their site. All onboarding of new customer sites is subject to a site inspection, this is to assess the sites compliance, safety, and access availability. Rockgas take the safety and wellbeing being of our team very seriously and will not take on a site that may endanger the wellbeing of any team member. Rockgas has also encountered sites that have been unable to be serviced by our large trucks, however the site could easily be accessed by an opposition's smaller truck. There are many considerations when onboarding a new residential premise, unlike electricity or piped gas a person is accessing the site for each delivery this adds further complexity to the onboarding process. Rockgas is unable to support this until a review has been consulted, on agreed to, and finalised.
43	4) b) iii)	Retailers must supply clear and prominent information about Powerswitch: on their website, comms about service and price changes and on invoices..... It also specifically states "to residential consumers of LPG on an annual basis: and" - Rockgas would enquire why is there a further requirement to supply annually, when customers are already being supplied this information monthly on invoicing?



Page #	Section	Area of concern
46	10	Utilities Disputes explained.... "Utilities Disputes help to resolve complaints about electricity, gas water and access to shared property for fibre installations. <i>Its service is free</i> , independent, and fair..... This service is not free for retailers. This messaging may be relevant for consumers facing documents, but this document is intended for the gas industry..