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18 October 2010

Ian Wilson
Gas Industry Company
95 Customhouse Quay
WELLINGTON

By email: submissions@gasindustry.co.nz

Dear Ian

Gas Governance Issues in Distribution

Genesis Power Limited, trading as Genesis Energy, welcomes the opportunity to provide a submission to the Gas Industry Company ("GIC") on the issues paper "Gas Governance Issues in Distribution" dated September 2010.

Genesis Energy's responses to the consultation questions are in Appendix A.

If you would like to discuss any of these matters further, please contact me on 04 495 6357.

Yours sincerely,

A handwritten signature in black ink that reads "John Bright".

John Bright
Regulatory Affairs Analyst

Appendix A: Responses to Consultation Questions

QUESTION	COMMENT
<p>Q1: Do you agree with the proposed regulatory objective?</p>	<p>Genesis Energy queries why the Gas Industry Company considers it useful to articulate a particular regulatory objective at this stage of its inquiry.</p> <p>In Genesis Energy's view, it would be preferable to focus initially on whether there are any matters of regulatory concern. If any concerns are identified, then it can be useful as part of the options evaluation stage to succinctly articulate one or more regulatory objectives.</p> <p>Setting out a one-sentence regulatory objective at this stage seems premature and may risk closing off options and directing the Gas Industry Company's further work towards particular solutions.</p> <p>Genesis Energy considers that section 43N of the Gas Act 1992 does not require the Gas Industry Company to literally describe a regulatory objective in this way.</p> <p>Setting the above comments aside, Genesis Energy queries whether it is appropriate to include market structure as part of the regulatory objective given that the Gas Industry Company cannot alter the market structure.</p>
<p>Q2: Have we identified all relevant characteristics of distribution?</p>	<p>Genesis Energy notes that open access gas distribution networks compete with electricity networks, bottled LPG and reticulated LPG.</p>

QUESTION	COMMENT
Q3: Have we identified all regulatory arrangements that are relevant to the analysis of gas distribution?	Yes.
Q4: Have we identified all issues relevant to the analysis of gas distribution?	Yes.
Q5: Do you agree Gas Industry Co should do no further work on the safety and reliability aspects of distribution services?	Genesis Energy agrees that no further work is necessary.
<p>Q6: Do you agree with the options identified for dealing with slow progress on updating standard distribution agreements?</p> <p>Which option do you think is most appropriate?</p>	<p>Further options could be developed that address more directly the lack of incentive for distributors to maintain complete and up to date contracts with retailers.</p> <p>Genesis Energy considers that maintaining a watching brief and reporting on progress would be the most appropriate course of action at this stage.</p> <p>Genesis Energy notes that GasNet has started the consultation process for a new network services agreement and that Powerco is also beginning to look at this area.</p>
Q7: Do you agree Gas Industry Co should do no further work on the other efficiency aspects of distribution services? If you think Gas Industry Co should do further work on this topic, please explain why.	Genesis Energy agrees that GIC should do no further work on other efficiency aspects of distribution services.

QUESTION	COMMENT
Q8: Do you consider the high level benchmarks for distribution contracts proposed in Appendix A are appropriate? If not, please suggest what alternatives should be considered.	Yes.