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Steve Bielby
Gas Industry Company
95 Customhouse Quay
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Submitted via: GIC website

Dear Steve

Support retailers' gas information exchange protocol

Genesis Power Limited, trading as Genesis Energy, welcomes the opportunity to provide a submission to the Gas Industry Company ("the GIC") on the consultation paper "Gas Governance Issues in Quality: Investigation Update" dated 1 August 2012.

We support the GIC's recommendation that parties in the physical gas supply chain should give prompt attention to the retailers' proposed information exchange protocol. We agree that this will be a lower cost and unobtrusive means of addressing gas quality management, and should assist parties with meeting their requirements under the Gas (Safety and Measurement) Regulations 2010. Our responses to the consultation questions are provided in Appendix A.

If you would like to discuss any of these matters further, please contact me on 04 495 6354.

Yours sincerely

A handwritten signature in black ink, appearing to read "KJ Collins".

Karen Collins
Senior Regulatory Advisor

Appendix A: Responses to Consultation Questions

QUESTION	COMMENT
<p>1 As far as you are aware, are the requirements and current practices for controlling gas quality described accurately? If not, please explain why not.</p>	<p>Yes.</p>
<p>2 As far as you are aware, are the requirements and current practices for monitoring gas quality described accurately? If not, please explain why not.</p>	<p>The consultation paper states that gas chromatographs are subject to the on-going calibration and inspection requirements of the New Zealand Standard for gas measurement (NZS:5259).¹ However, when reviewing this standard, we could find no reference to these requirements. We request that the GIC clarify this point.</p>
<p>3 As far as you are aware, are the requirements and current practices for reporting gas quality described accurately? If not, please explain why not.</p>	<p>We note that the consultation paper states that “neither the Gas Specification, MPOC, VTC, nor ICAs contain any provisions requiring the reporting of gas contaminants”.² However, appendix C³ of the New Zealand standard for gas specification for reticulated natural gas (NZS:5442) does include a specific clause requiring parties (producers) to notify the pipeline operator of a contaminant as soon as practicable.</p> <p>We seek clarification on whether the GIC views reporting and notifications as being two distinct actions, or are they are considered the same type of activity.</p>

¹ Section 3.1, page 15 of the consultation paper.

² Section 4.1, page 23 of the consultation paper.

³ We note that Appendix C is an informative section of the standard.

QUESTION	COMMENT
4 Do you have any comments on the discussion in relation to the control of gas quality?	No.
5 Do you have any comments on the discussion in relation to the monitoring of gas quality?	<p>We consider that better monitoring is required in order for parties to meet the requirements of the Gas (Safety and Measurement) Regulations 2010 (“the Regulations”). The retailers’ gas information exchange protocol could, if adopted, assist in providing the more specific monitoring results that are required under the Regulations and NZS:5442.</p> <p>Table six of the consultation paper identifies possibly inadequate monitoring of a number of gas characteristics and components. We note that components such as oxygen and sulphur may not be able to be measured by the current monitoring equipment in place.</p>
6 Do you have any comments on the discussion in relation to the reporting of gas quality?	<p><u>Protocol as means of compliance</u></p> <p>If the retailers’ gas information exchange protocol is adopted, we query whether it could be cited as a means of compliance through an amendment to NZS:5442.</p> <p><u>Extent of inclusion of wholesalers in protocol</u></p> <p>Genesis Energy questions why wholesalers need to be included as a party to the protocol to the extent listed in the consultation paper.⁴</p>

⁴ Page 32 of the consultation paper.

QUESTION	COMMENT
	<p>We note that the strongest contractual relationship where gas quality can be managed and reported on is the interconnection agreements (ICAs). The wholesaler has no control over the quality or the right for an audit. A wholesaler also has limited ability to do anything if a producer it buys gas from happens to inject off-specification gas.</p> <p>Furthermore, there are usually a number of wholesalers purchasing from each gas field. Therefore, the information exchange protocol, as set out, would lead to a duplication of processes and audits. We consider there would be more merit in putting these responsibilities back on the gas producers and the transmission system owners.</p>
7 Do you think we have correctly identified the opportunities for improvement?	Yes.
8 Do you agree with our recommendations in relation to gas quality?	Yes.