

# Gas Quality submission – Mighty River Power

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To assist the Gas Industry Co in consider stakeholders’ responses, below is a suggested format for submissions. The questions are the same as those contained in the body of this document.

Respondents are also free to include other material in their responses.

QUESTION	COMMENT
<b>Question 1:</b> Are there any other significant effects of non-specification gas, other than those identified in section 2.3, that Gas Industry Co should consider?	No
<b>Question 2:</b> Do you agree with the assessment of types of non-specification gas and potential causer, as set out in Table 3?	Yes
<b>Question 3:</b> Do you agree with the proposed regulatory objective? If you disagree please explain why and/or provide an alternative.	Yes
<b>Question 4:</b> Do you agree we have interpreted the provisions contained within the transmission codes and contracts correctly? Are there additional contracts or provisions that should be considered?	Yes.  Under current Network Services Agreements, Network Operators require Retailers to be responsible for the delivery of gas that complies with the gas specification. Given that gas is commingled within the transmission pipeline then by default all Retailers will be either compliant or in breach of these clauses within the Network Services Agreements.

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<p><b>Question 5:</b> Are there any aspects of the discussion in section 6.1 that you believe to be inaccurate or misleading? If so, please explain what these are.</p>	<p>The GIC needs to include the above Network/Retailers contractual arrangements.</p>
<p><b>Question 6:</b> Do you consider that liability for quality issues is best addressed through contractual arrangements or regulation? Please explain why.</p>	<p>MRP believes that these issues are best addressed by a review of NZS 5442:2008 to clarify and change the Producers/TSO obligations and then the implementation of such changes can be implemented through contractual arrangements. We would however support regulatory intervention by the GIC if that was necessary.</p>
<p><b>Question 7:</b> Do you think the proposed regulatory objective would be better achieved with more prescriptive arrangements for the monitoring of gas composition and contaminants?</p>	<p>Yes, but as stated above our preference would be to see any prescription being progressed via a review and changes to NZS 5442:2008.</p>
<p><b>Question 8:</b> Do you think further work to identify the options for more active gas quality monitoring, and to quantify the costs and benefits of those options, is justified?</p>	<p>Yes. We are of the opinion that it is not sufficient to require only the Gas Producers to continuously monitor gas quality as few if any end users receive gas from a single producer. Most if not all gas delivered is commingled within the transmission pipeline networks and therefore we believe that the TSOs also need to monitor gas quality continuously.</p>
<p><b>Question 9:</b> Do you think TSOs should monitor gas quality more actively (for example, by continuously monitoring the water content in the transmission system to manage the risk of hydrate formation)?</p>	<p>Yes but as we have stated above TSOs also need to monitor all aspects of gas quality on a continuous basis. It is insufficient to only monitor individual injections of gas into the transmission systems by Producers. You also need to monitor the commingled gas within those transmission systems as this is the gas that is delivered to end users. The monitoring of gas in the transmission systems allows you to identify when non specification gas is going to be delivered to end users. The continuous monitoring of gas by Gas Producers then allows the identification of the causer(s) of the delivered gas not meeting the gas specification.</p>

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<b>Question 10:</b> Currently, the TSOs audit producers' monitoring of gas composition. Do you think this arrangement provides sufficient assurance against the delivery of non-specification gas?	MRP would accept internal audits by Gas Producers as part of their compliance arrangements with NZS 5442:2008, but only if the Producers' gas quality assurance and compliance regimes are also verified via by independent external audits.