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9 October 2006

Mr Paul Mitchell  
Gas Industry Company Limited  
PO Box 10-646  
WELLINGTON

Dear Paul

**SUBMISSION ON PROPOSALS FOR SWITCHING, COMPLIANCE AND ENFORCEMENT ARRANGEMENTS**

I thank you for the opportunity to make a submission on the Gas Industry Company's Consultation Papers and enclose our submission on behalf of GasNet.

Should you wish to discuss this further please do not hesitate to contact me either by phone at (06) 349 0131 or by email at [geoff.evans@gasnet.co.nz](mailto:geoff.evans@gasnet.co.nz).

Yours sincerely



Geoff Evans  
**Manager**

# GasNet Submission – Switching Arrangements

Submission prepared by: Geoff Evans, GasNet

QUESTION	COMMENT
<p><b>Q1:</b> Do submitters agree with this Regulatory Objective? If not, what do you think the regulatory objective should be?</p>	<p>Yes although GasNet considers that there should be reference to cost benefit/effectiveness/efficiency.</p>
<p><b>Q2:</b> Do submitters agree with the analysis of the Proposal? If not, please state your reasons.</p>	<p>Yes</p>
<p><b>Q3:</b> Do submitter agree this Proposal complies with section 43N of the Gas Act? If not, please state your reasons</p>	<p>Yes</p>
<p><b>Q4:</b> Do submitters have any other information that they consider is relevant to the assessment of the Proposal?</p>	<p>No</p>
<p><b>Q5:</b> Do submitters agree that the Proposal meets the Regulatory Objective? If not, please state your reasons.</p>	<p>Yes</p>
<p><b>Q6:</b> Do submitters agree with the benefits relative to the costs of the Proposal as set out in Appendix 2? If not, please state your reasons.</p>	<p>Yes although GasNet remains uncomfortable with the accountabilities and consequence in the event that the analysis is found to be incorrect.</p>
<p><b>Q7:</b> Do submitter believe the Rules adequately reflect and govern the Proposal? If not, please provide all drafting amendments in mark-up.</p>	<p>Yes in respect of Section 8 Proposed Draft Rules, however there are a number of issues that GasNet has identified in regard to Appendix 4. These are summarised as follows:</p> <ol style="list-style-type: none"> <li>1. Defined terms are not capitalised or bold within the document and should be readily identifiable within the body text</li> <li>2. There is no mention around the process of a GMS switch ie a Retailer choosing to change GMS service providers/owners</li> <li>3. GasNet questions why the register is only open between 7.30am and 7.30pm on business days when retailers are working outside these hours attracting new business</li> </ol>

QUESTION	COMMENT
Q7: Continued	<p>4. The proposed charging mechanism for ongoing fees (Clause 22) needs some protection where additional costs are incurred through parties whose business practises result in problems for the registry operator or Co-Regulatory body. In such an instance there should be a mechanism for recovery of these costs direct from the party causing the problems. This is expected to be an exception and only where a rogue party does not act as would be expected or as a reasonable and prudent operator.</p> <p>5. Maximum Hourly Quantity is not defined although stated in Schedule 1 Part A as being the maximum of the gas consuming equipment. The Maximum Hourly Quantity of the Network, GMS and gas consuming equipment could all be different for the same ICP and therefore needs to be clearly identified and defined as such.</p> <p>6. When secured information is requested and provided to a requesting party, there should be a mechanism for the network or meter owner to issue an objection or report an inappropriate request, albeit after the party had received the information</p> <p>7. Persons using the registry may not necessarily be an employee or under the supervision of an employee (Clause 34)</p> <p>8. GasNet is unsure of the practicalities and potential conflict around the creation of new ICPs (Clause 47). In reality the network owner will receive a request from a retailer or property owner for a new gas service connection (ICP). This process may take 10+ days from the initial request and only on commissioning of the new service can the ICP be established with any certainty. If Clause 47 is based upon the new service connection being installed and active then this needs to be stated within the wording of the clause</p> <p>9. There is reference to the term "Company" in Clauses 58, 60, 63, 66 and Schedule 1 Parts A, B &amp; C. The term is not defined or is it clear in the text to whom Company refers.</p> <p>10. There is one reference to gigajoules in the draft rules (Clause 68.1.3) which prompts GasNet to seek assurance that the registry will be based on energy units in Joules not kWh. If kWh is required then this should be an option for a converted data to be represented or reported on.</p> <p>11. Bypass switches (Clause 78) is only based on simultaneous replacement of both retailer and distributor when in fact the existing retailer could be offered a bypass option from another distributor. There is also no reference to the GMS owner and various combinations of switches.</p> <p>12. Retailer Code of expected retailer (Schedule 1 Part A) must not be a mandatory field (not stated in draft if it is or isn't mandatory)</p>

QUESTION	COMMENT
<p><b>Q7:</b> Continued</p>	<p>13. It is assumed that all associated GMS equipment is owned and the service provided by the meter owner. Although GasNet is not aware of instances where this is not the case, the GMS market is an emerging market and it is conceivable that the retailer may elect to take different services from different parties owning the GMS components. For example the meter owner may own the meter and contracted to the retailer to provide those related services, but that the logger, corrector or telemetry could be owned and provided by others and contracted to the retailer. If the retailers will only ever contract with the meter owner for meter, logger, corrector and telemetry services then the draft is acceptable, but if not then it needs to make provisions for such.</p> <p>14. To eliminate confusion between the network/GMS business and the retail business of Wanganui Gas Limited, "GasNet" should replace "Wanganui Gas" in the list of metering equipment owners in Clause 4.7 Page 15. Unlike other retailers such as Contact, Wanganui Gas-Retail does not own or operate gas metering equipment and contracts GasNet to provide these services.</p>
<p><b>Q8:</b> Do submitters agree with the funding options for the Proposal? If not, please state your reasons.</p>	<p>Yes. Regardless of the funding options all costs incurred by GasNet will be directly recovered through its network &amp; GMS Service Charges to the Retailers. For this reason GasNet accepts any funding option whether it be 100% on the network/GMS business, 100% on the Retailers or on an apportionment basis such as that proposed.</p>
<p><b>Q9:</b> Do submitters agree with the allocation of costs for the Proposal? If not, please state your reasons.</p>	<p>Yes. Regardless of the funding options all costs incurred by GasNet will be directly recovered through its network &amp; GMS Service Charges to the Retailers. For this reason GasNet accepts any funding option whether it be 100% on the network/GMS business, 100% on the Retailers or on an apportionment basis such as that proposed.</p>
<p><b>Q10:</b> Any other Comments?</p>	<p>Section 43G(2)(c) must include the distributors and meter owners in designing and implementing switching arrangements as they are integral to the process. GasNet has identified a number of operational matters, in addition to those mentioned above, within the draft rules which on further review may or may not be an issue. GasNet would be extremely concerned if its requirements and input as a distributor and meter owner were not considered along with the retailers and consumers. .</p>