

12 September 2008

Bas Walker  
Gas Industry Company  
Level 9, State Insurance Tower  
1 Willis Street  
WELLINGTON  
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Dear Bas,

## Second Tranche of Exemptions under the Gas (Downstream Reconciliation) Rules 2008

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Genesis Power Limited, trading as Genesis Energy, welcomes the opportunity to provide a submission to the Gas Industry Company on the second tranche of exemptions under the Gas (Downstream Reconciliation) Rules 2008. Genesis Energy has reviewed the exemption applications and is pleased to have the opportunity to respond to the issues raised. Responses are attached as an appendix.

If you would like to discuss any of these matters further, please contact Ross Parry on 04 495 3348.

Yours sincerely



John A Carnegie  
Regulatory Affairs Manager

## Appendix A: Responses to Specific Consultation Questions

QUESTION	COMMENT
<p>Q1: Do submitters have any comments on the direct consumer and non-shared gas gate exemption application DR08-21-S from Nova Gas?</p>	<p>Genesis Energy supports approval of these exemptions for direct consumer gas gates.</p> <p>Genesis Energy does not support approval of these exemptions for non-shared (single retailer, multiple consumers) gas gates.</p> <p>Genesis Energy anticipates that implementation of the registry and switching rules early next year will improve consumers' ability to change retailers. As such, the likelihood of single-retailer gas gates persisting is diminished. In this context, Genesis Energy considers that exemptions should not be granted for any gas gate where there is the possibility of multi-retailer trading. Such gates are highly likely to require allocation and reconciliation in the near future.</p>
<p>Q2: Do submitters have any comments on the ongoing fee exemption application DR08-21-S from Nova Gas?</p>	<p>Genesis Energy supports approval of these exemptions for direct consumer gas gates.</p> <p>Genesis Energy does not support approval of these exemptions for non-shared (single retailer, multiple consumers) gas gates.</p> <p>Genesis Energy anticipates that implementation of the registry and switching rules early next year will improve consumers' ability to change retailers. As such, the likelihood of single-retailer gas gates persisting is diminished. In this context, Genesis Energy considers that exemptions should not be granted for any gas</p>

QUESTION	COMMENT
	gate where there is the possibility of multi-retailer trading. Such gates are highly likely to require allocation and reconciliation in the near future.
Q3: Do submitters have any comments on the unmetered Matapu and Pungarehu No. 2 gas gate exemption application DR08-22-S from Powerco?	Genesis Energy supports approval of this exemption and agrees that it should remain in place until such time as it becomes economic to install meters at these gates.
Q4: Do submitters have any comments on the transitional exemption application DR08-23-T from Bay of Plenty Energy regarding the application of seasonal adjustment daily shape values?	<p>Genesis Energy supports approval of this exemption provided Nova Gas/Bay of Plenty Energy/Auckland Gas ensures that <b>all</b> their consumers have their meters read monthly and these monthly reads are used in the calculation of their monthly submission volumes.</p> <p>If monthly reads are used in the allocation and reconciliation processes then the impact of not using seasonal profile shapes should be minimised and final submission volumes should not shift too far.</p> <p>If these retailers are not able to meet the monthly read and submission condition, then Genesis Energy considers that the exemption should only run until March 2009. There is typically a large shift in volumes as temperatures drop. As such, seasonal profile shapes would be needed to allocate volumes to the correct months on the ramp up to winter.</p>