



11 Chews Lane  
PO Box 10568  
The Terrace  
Wellington 6143  
New Zealand

Genesis Power Limited  
trading as Genesis Energy

Fax: 04 495 6363

10 July 2012

Jacki Eves  
Gas Industry Company  
95 Customhouse Quay  
WELLINGTON

Submitted via: GIC website

Dear Jacki

## Support introduction of new threshold regime

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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 "Statement of Proposal: Amendments to the Gas Governance (Compliance) Regulations 2008" dated 31 May 2012.

We support the GIC introducing a threshold regime for the Gas Governance (Compliance) Regulations 2008 ("the Regulations"). We consider that this threshold regime will reduce the industry costs associated with processing minor immaterial breaches, while maintaining the robustness of the Regulations. We agree that the threshold regime should not apply to the Critical Contingency Operator.

We support maintaining the reporting of all alleged breaches by the Allocation Agent and the Gas Registry Operator. This will enable the GIC to effectively monitor the effectiveness of the threshold regime and to identify any unintended consequences or concerning trends that might result from this change.

We endorse the development of guidelines to implement the threshold regime and the GIC's view that the cost of developing these guidelines can be met within the GIC's current baseline. We suggest that the GIC seek industry input on these guidelines through an advisory group similar to the process followed for the Downstream Reconciliation Advisory Group.

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 'K Collins', with a stylized flourish at the end.

Karen Collins  
Senior Regulatory Advisor

## Appendix A: Responses to Consultation Questions

QUESTION	COMMENT
1 The proposal to amend regulation 10(2) to remove the words 'by other means'.	We support this proposal.
2 The proposal to amend regulation 11 so that the heading refers to 'certain service providers'.	We support this proposal.
3 The proposal to clarify that the notice requirements in regulation 12(1)(b) apply to the notice issued under regulation 13(1).	We support this proposal.
4 The proposal to amend regulations 13(2) and (3) so that a participant becomes a party to a breach and not a breach notice.	We support this proposal.
5 The proposal to include the industry body as a party from who information can be sought, and to who will be provided with all notices and documents that are circulated to industry participants, and parties joined.	We support this proposal.
6 The proposal to amend regulation 19(1)(k) to include reference to orders of the Rulings Panel.	We support this proposal.
7 The proposal to amend the mandatory requirement on the Allocation Agent and Gas Registry Operator to agree to a settlement under regulations 21 and 32.	We support this proposal.

QUESTION	COMMENT
8 The proposal to amend regulation 46 to remove the requirement for the Investigator who investigated the alleged breach to speak to his or her report if requested by the Rulings Panel.	We support this proposal.
9 The proposal to delete wording in regulation 49 to ensure correct cross-referencing.	We support this proposal.
10 The proposal to remove the references to 'internet site' from regulations 81(4), 82(2) and (4) and 83(2).	We support this proposal.
11 In relation to the proposal to include a new power for the Market Administrator and Investigator to amend breach notices in very limited circumstances.	We support breach notices being amended under clearly defined circumstances.
12 The proposal to include a new power for the Market Administrator and Investigator to be able to consolidate breach notices in very limited circumstances.	We support this proposal.
13 The proposal to modify the interrelationship between the definition of participant, the Gas Governance (Critical Contingency Management) Regulations 2008, and the notice requirements in regulation 13.	We are comfortable with this proposal but seek further information regarding the type(s) of public notices that the GIC is considering. It is important that alleged breach information is released in a manner that will best reach the affected consumers.

QUESTION	COMMENT
14 The proposal to include a new provision that would enable a participant to join a matter at a later stage than the Regulations currently provide for under regulation 13.	We support parties joining an alleged breach at a later stage if the circumstances for this process are clearly set out in the Regulations and the party can demonstrate that there are valid reasons for joining the alleged breach.
15 The proposal to include a new threshold regime for otherwise mandatory reporting of alleged breaches by the Allocation Agent and the Gas Registry Operator.	We support this proposal. Refer to cover letter.
<b>Statutory classification</b>	
16. Gas Industry Co is seeking submissions on whether or not submitters see the proposal to introduce a threshold regime as a minor change that will not adversely affect the interests of any person in a substantial way, and thus is an amendment that properly falls under section 43N(3).	We are comfortable with the GIC defining this proposal as a minor change. The proposal does not alter the intent of the Regulations and the Allocation Agent's and the Gas Registry Operator's continued reporting of all apparent breaches will ensure that the GIC can monitor the impact of the threshold regime.