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31 March 2010

Ian Dempster
Gas Industry Company Limited
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By email: submissions@gasindustry.co.nz

Dear Ian

Switching: Operations and Compliance

Genesis Power Limited, trading as Genesis Energy, welcomes the opportunity to provide a submission to the Gas Industry Company on the discussion paper "Switching: Operations and Compliance" dated 16 February 2010.

Genesis Energy's responses to the consultation questions are in Appendix A.

If you would like to discuss any of these matters further, please contact me on 04 495 6357.

Yours sincerely,

A handwritten signature in black ink that reads "John Bright". The signature is written in a cursive, flowing style.

John Bright
Regulatory Affairs Analyst

Appendix A: Responses to Consultation Questions

QUESTION	COMMENT
<p>Q1: Do participants agree with the proposed approach (currently adopted by Jade and Gas Industry Co) to disregard NEW, DST and RET breaches on the maintenance breach report)? Should alternative arrangements be put in place for assessing compliance with these rules or is it sufficient for breaches to be alleged on an ad hoc basis as they arise?</p>	<p>Genesis Energy supports the proposed approach and does not see the need for alternative arrangements.</p> <p>Genesis Energy believes there are sufficient financial and process efficiency drivers within industry participants that would encourage them to monitor and address these issues as (or if) they arise.</p>
<p>Q2: Do participants believe that further automating the production of breach reports and notices, and the inclusion of extra information, would be beneficial in the longer term?</p>	<p>No. All participants should aim to reduce the frequency of breaches and efficiency drivers exist to encourage this.</p> <p>The costs noted in the consultation paper only include Jade's implementation costs and do not consider the compliance costs for participants providing the additional information. The inclusion of additional data will not add sufficient value to the compliance process to justify these costs.</p> <p>Genesis Energy believes including additional fields of existing data may be a good idea but the value does not warrant the costs involved. Much of this information is already held by the participants or is easily accessible through the Registry.</p>

QUESTION	COMMENT
<p>Q3: Do participants have any further suggestions for the enhancement of the compliance process or to reduce the compliance burden (assuming that changes to the Compliance Regulations will not be progressed in the near future)?</p>	<p>No.</p>
<p>Q4: Do participants support the proposed amendment to the registry which would remove the option to re-submit a GNW if the first GNW request were rejected? Do participants agree that following receipt of a GAN or GTN the option to request a switch withdrawal should be re-opened and unlimited withdrawal requests should be allowed?</p>	<p>These changes are consistent with Genesis Energy’s interpretation of the interplay between rules 69 and 78.5. However, we consider that the GIC should be cautious about restricting the submission of files.</p> <p>For example, if rule 69 had been satisfied by an earlier submission of a gas acceptance notice, the registry should not block the submission of a second switch withdrawal (GNW) if the first (sent after the GAN) is rejected.</p>
<p>Q5: If the registry is amended as per the proposal do participants consider that this gives effect to the purpose of rule 78.5? In conjunction with this change, would it be appropriate for Gas Industry Co to issue a blanket exemption or a guideline note to amend or clarify the purpose of the rule?</p>	<p>Yes.</p> <p>Genesis Energy’s preference is for a rule change as outlined in Question 6 which would remove the underlying issue.</p>
<p>Q6: In the longer term do participants feel that it is necessary for a rule change to clarify rule 78.5?</p>	<p>Genesis Energy believes that a rule change is necessary and should be a high priority.</p> <p>We also note that rule 78.5 is not required at all if rule 69 is re-written to remove the reliance on a GAN submission to trigger the 23 business day timer.</p>

QUESTION	COMMENT
<p>Q7: Do participants agree that a change is necessary to the method used by the registry for calculating days overdue where non-business days are involved? Would participants prefer that breaches which are 'zero' business days overdue not be reported or that the count of days overdue for such breaches be the number of calendar days?</p>	<p>No.</p> <p>Genesis Energy does not see this matter as a significant issue. A requested switch date is the switch date, regardless of whether it is a business day. The 'losing' participant is not required to send the GTN on the switch date, only to use that date as the effective switch date.</p> <p>Regardless of when the GTN is sent, if the 'losing' participant does not use the requested switch date then it is a breach and should be reported as such. Jade's breach reporting should be configured to reflect this.</p>
<p>Q8: Do participants agree that it is sufficient to rely on manual reporting of potential breaches of rule 72.2 or is there a preference for the registry to be amended to automatically flag where an actual switch date falls after a requested switch date?</p>	<p>No.</p> <p>The ruling makes it clear that the time to determine whether a customer has been billed past the requested switch date is the time of the receipt of the switch notice. As such, occurrences under rule 72.2.2 should be rare.</p> <p>Genesis Energy believes the most efficient option is to proceed with all apparent breaches where the switch date is different, with the defending participant required to provide evidence of future billing.</p>