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27 August 2010

Ian Dempster
Gas Industry Company Ltd
95 Customhouse Quay
WELLINGTON

By email: submissions@gasindustry.co.nz

Dear Ian

Gas (Switching Arrangements) Rules 2008

Genesis Power Limited, trading as Genesis Energy, welcomes the opportunity to provide a submission to the Gas Industry Company on the consultation paper "Minor Amendments to the Gas (Switching Arrangements) Rules 2008" dated 20 July 2010.

Genesis Energy supports the minor amendments to the Gas (Switching Arrangements) Rules 2008 and 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 that reads "K/Boyes".

Karen Boyes
Senior Regulatory Advisor

Appendix A: Responses to Consultation Questions

QUESTION	COMMENT
<p>Q1. In regard to the proposal to amend rule 5 and Schedule part A definitions:</p> <ul style="list-style-type: none"> • Do you agree or disagree with the proposals? Please provide reasons. • Do you have any comments on the specific drafting proposed? • Do you agree or disagree that the proposal meets the requirements of section 43N(3) of the Act? 	<p>Genesis Energy agrees with the proposals.</p> <p>No.</p> <p>Genesis Energy agrees that the proposal meets the requirements of section 43N(3) of the Gas Act 1992 (the "Act").</p>
<p>Q2. In regard to the proposal to amend rules 24 and 25 in respect of the payment of ongoing fees:</p> <ul style="list-style-type: none"> • Do you agree or disagree with the proposals? Please provide reasons. • Do you have any comments on the specific drafting proposed? 	<p>Genesis Energy agrees with the proposals.</p> <p>No.</p>

QUESTION	COMMENT
<ul style="list-style-type: none"> Do you agree or disagree that the proposal meets the requirements of section 43N(3) of the Act? 	Genesis Energy agrees that the proposal meets the requirements of section 43N(3) of the Act.
<p>Q3. In relation to the proposals to amend rules 28.1, 29, 30 and 31, and insert new rule 31.1.3:</p> <ul style="list-style-type: none"> Do you agree or disagree with the proposals? Please provide reasons. Do you have any comments on the specific drafting proposed? Do you agree or disagree that the proposal meets the requirements of section 43N(3) of the Act? 	<p>Genesis Energy agrees with the proposals.</p> <p>Genesis Energy notes that there is a spelling mistake in rule 29 (with instead of with).</p> <p>Genesis Energy agrees that the proposal meets the requirements of section 43N(3) of the Act.</p>
<p>Q4. In relation to the proposal to amend rules 43.2.2 and 47.1:</p> <ul style="list-style-type: none"> Do you agree or disagree with the proposal? Please provide reasons. Do you have any comments on the specific drafting proposed? 	<p>Genesis Energy agrees with the proposal.</p> <p>No.</p>

QUESTION	COMMENT
<ul style="list-style-type: none"> Do you agree or disagree that the proposal meets the requirements of section 43N(3) of the Act? 	<p>Genesis Energy agrees that the proposal meets the requirements of section 43N(3) of the Act.</p>
<p>Q5. In relation to the proposals to delete rule 65.2.6, amend rules 67.1.2, 67.3, 69.1, 69.2, 69.3, and 72.2; and insert new rule 67.3A:</p> <ul style="list-style-type: none"> Do you agree or disagree with the proposals? Please provide reasons. Do you have any comments on the specific drafting proposed? 	<p>Genesis Energy agrees with all the proposals except for rule 67.3A.</p> <p>Genesis Energy is uncertain that the proposed drafting of rule 67.3A achieves its aim of clarifying move switch timeframes.</p> <p>Genesis Energy believes the switch date for move switches should be the date that the retailer becomes responsible for the site, not one day after as is proposed in rule 67.3A. We are aware that there is debate in the industry about when the retailer becomes “responsible” for a site as this can be interpreted as:</p> <ul style="list-style-type: none"> the date the customer contacts the retailer to advise them of the move; or the actual move in date.

QUESTION	COMMENT
Q5. continued	<p>As there are diametrically opposed views on this and retailers' business practices are built around these views, we note that any change in this area should not be regarded as minor.</p> <p>Genesis Energy agrees with the aim of rule 72.2.2 that if both parties agree, a switch can be undertaken in less than the minimum seven days (rule 67.3). However, we are unsure of how an earlier switch could be achieved as rule 67.3 prevents the new retailer from requesting a date earlier than seven days. We also note that the current drafting of rule 72.2.2 could allow the responsible retailer to pass on unwanted periods of ownership to the new retailer.</p> <p>We also believe the drafting of the rule 67.3A is somewhat circular as the Registry will only reflect the change in responsible retailer after the switch is complete and the date used in the Registry will be that applied in the switch file. However, the proposed rule also requires the date to be used in initiation of the switch.</p>

QUESTION	COMMENT
Q5. continued	<p data-bbox="1198 368 1496 395"><u>Suggested amendments</u></p> <p data-bbox="1198 440 2040 504">Genesis Energy recommends that the rules 67.3 and 72.2 are amended to address the issues outlined above and to ensure that:</p> <ul data-bbox="1249 547 2040 759" style="list-style-type: none"> <li data-bbox="1249 547 2040 611">• if a request date is sent that is greater than seven days, then it must be used, but <li data-bbox="1249 655 2040 759">• if the request date is earlier than seven days, then the responsible retailer has the choice to either use the requested date or a date after seven days. <p data-bbox="1198 799 1760 826">We recommend that rule 67.3 be amended to:</p> <p data-bbox="1249 871 2040 970">“67.3 If a new retailer includes a requested switch date for a standard switch, that date must not be more than 23 business days after the date the gas switching notice is given to the registry.”</p>

QUESTION	COMMENT
<p>Q5. continued</p>	<p>Following from this change, rule 72.2 should be amended to the following:</p> <p>“72.2 If the gas switching notice for a standard switch included a requested switch date that is 7 business days or more after the date the gas switch notice is given to the registry, or, for a move switch included a requested date that complied with 67.3A, the responsible retailer must use the requested switch date as the switch date and provide switch readings applicable to that date, unless...”</p> <p>We subsequently recommend that rule 72.2.2 moves up a level to become rule 72.2A (and the current rule 72.2A becomes 72.2B) and is amended to read:</p> <p>“72.2A If the gas switch notice for a standard switch included a requested switch date that is less than 7 business days after the date the gas switch notice is given to the registry, the responsible retailer must either:</p>

QUESTION	COMMENT
<p>Q5. continued</p> <ul style="list-style-type: none"> Do you agree or disagree that the proposal meets the requirements of section 43N(3) of the Act? 	<ul style="list-style-type: none"> (a) use the requested switch date as the switch date and provide switch readings applicable to that switch date; or (b) take the requested date as being 7 business days after the date the gas switch notice is given to the registry and use a switch date in compliance with rule 72.2." <p>With these changes the switch can be affected on an agreed date less than seven days, while still maintaining the seven day minimum and the billed-to-date protections if agreement is not reached.</p> <p>Genesis Energy agrees that the proposal meets the requirements of the Act, with the exception of rule 67.3A.</p>
<p>Q6. In relation to the proposal to amend rules 69.4, 75, 78.1, 78.3.2 and 81.1; insert new rules 69.1A, 69.4, 74A, 75.4 and 78.2A; and delete rule 78.5:</p> <ul style="list-style-type: none"> Do you agree or disagree with the proposals? Please provide reasons. 	<p>Genesis Energy agrees with the proposals.</p>

QUESTION	COMMENT
<ul style="list-style-type: none"> • Do you have any comments on the specific drafting proposed? • Do you agree or disagree that the proposal meets the requirements of section 43N(3) of the Act? 	<p>Genesis Energy believes that the following phrase in clause 69.1A is redundant:</p> <p style="padding-left: 40px;">“...(namely by the new retailer providing a gas switching withdrawal response notice in accordance with rule 78.1 that rejects the notice provided to comply with rule 69.1.3)...”</p> <p>A withdrawal notice under rule 69.1.3 can only be provided by the responsible retailer and as such, can only be rejected by the new retailer.</p> <p>Genesis Energy agrees that the proposal meets the requirements of the Act.</p>
<p>Q7. In relation to the proposal to delete Part 4 of the Rules:</p> <ul style="list-style-type: none"> • Do you agree or disagree with the proposal? Please provide reasons. • Do you have any comments on the specific drafting proposed? • Do you agree or disagree that the proposal meets the requirements of section 43N(3) of the Act? 	<p>Genesis Energy agrees with the proposal.</p> <p>No.</p> <p>Genesis Energy agrees that the proposal meets the requirements of the Act.</p>

QUESTION	COMMENT
<p>Q8. In relation to the minor drafting changes proposed in section 3.8:</p> <ul style="list-style-type: none"> • Do you agree or disagree with the proposals? Please provide reasons. • Do you have any comments on the specific drafting proposed? • Do you agree or disagree that the proposals meet the requirements of section 43N(3) of the Act? 	<p>Genesis Energy agrees with the proposals.</p> <p>No.</p> <p>Genesis Energy agrees that the proposal meet the requirements of the Act.</p>