



5 February 2009

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Dear Bas,

January 2009 Exemptions to Downstream Reconciliation Rules

Genesis Power Limited, trading as Genesis Energy, welcomes the opportunity to provide a submission to the Electricity Commission on the consultation paper "Consultation on Exemption Applications under the Gas (Downstream Reconciliation) Rules 2008" dated 22 January 2009.

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

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

Yours sincerely

A handwritten signature in black ink, appearing to read "J Carnegie".

John A Carnegie
Regulatory Affairs Manager
Genesis Energy

Appendix A: Responses to Consultation Questions

QUESTION	COMMENT
Q1: Do submitters have any comments on the exemption DR09-01-U proposed by Contact regarding the new Stratford 3 direct connect gas gate?	Genesis Energy supports granting of an exemption for the “Stratford 3” gas gate on the same terms and conditions as the existing exemption covering 36 other direct connect gas gates. Contact Energy has not provided any arguments to support a broader exemption for this gas gate.
Q2: Do submitters have any comments on exemptions DR09-02-T proposed by Gas Industry Co and DR09-05-S from Mighty River Power regarding potential arrangements to address negative GGRP values?	<p>Genesis Energy supports the Gas Industry Co.’s proposal of using a “zero floor” limit for gas gate residual profile (GGRP) values and believes this is preferable to Mighty River Power’s proposed approach. The Gas Industry Co.’s proposal is a pragmatic approach that deals with the immediate issue, maintains consistency across retailers and will allow the sector to focus on fixing the underlying causes of negative allocation values.</p> <p>For unmetered gas gates, Genesis Energy believes that the straight-line methodology (used historically) would have the least upstream commercial impacts.</p> <p>Genesis Energy has already altered its submission system to handle either negative or zero value GGRP values and so would be comfortable with the exemption not being in place until March 2009. Also, Genesis Energy would be comfortable with a special wash up.</p>

QUESTION	COMMENT
<p>Q3: Do submitters have any comments on the transitional exemption application DR09-03-T proposed by Gas Industry Co regarding the arrangements for any residual unallocated gas?</p>	<p>Genesis Energy agrees with the distinction made between gates with retailers trading and those without.</p> <p>For gates with retailers trading but submitting zero consumption, Genesis Energy considers that allocation in proportion to the prior month's consumption share is preferable to uniform allocation or allocation on the basis of ICP share. No method will accurately account for customer switches since the previous month, but this would be rectified at the interim wash-up. ICP share is a poor indicator of consumption share.</p>
<p>Q4: Do submitters have any comments on the exemption DR09-04-S proposed by Contact regarding the rule 39 notification deadlines and the submission of zero data?</p>	<p>Genesis Energy does not support Contact Energy's application for an exemption from rule 39.</p> <p>Genesis Energy does support extending the deadline for submitting trading notifications to the third business day of the following month to ensure submissions are as accurate as possible.</p> <p>However, even with this extension and implementation of the switching rules there will be cases when it won't be possible to submit trading notifications prior to the deadline. The switching rules permit switch files to be sent up to two business days into the month following the month of the effective switch date. In such cases, the allocation agent may not receive a trading notification by the third business day of the month.</p> <p>For the same reason, the Stats_ICPsByGasGateRetailer.csv file will not always identify all ICPs on a gas gate that require an allocation submission.</p> <p>Genesis Energy considers that the limitations around month end switching are not sufficiently material to warrant further development.</p>