



30 June 2009

Ian Dempster
Gas Industry Company
Level 8, The Todd Building
95 Customhouse Quay
WELLINGTON

First Floor
Genesis Energy Building
Cnr Woodward St & The
Terrace
PO Box 10568
The Terrace
Wellington 6143
New Zealand

Genesis Power Limited
trading as Genesis Energy

Telephone: 04 495 6350

Fax: 04 495 6363

By email: submissions@gasindustry.co.nz

Dear Ian

Minor Reconciliation Rule Changes

Genesis Power Limited, trading as Genesis Energy, welcomes the opportunity to provide a submission to the Gas Industry Company on the statement of proposal "Minor Amendments to Gas (Downstream Reconciliation) Rules 2008" dated 2 June 2009.

Genesis Energy welcomes the Gas Industry Company's efforts to fine-tune the reconciliation rules, and our 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 3348.

Yours sincerely

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

Ross Parry
Regulatory Affairs Manager
Genesis Energy

Appendix A: Responses to Consultation Questions

QUESTION	COMMENT
<p>Q1: In relation to the proposal to amend rule 45 to ensure that all residual injected gas quantities are allocated when no consumption information has been submitted:</p> <ul style="list-style-type: none"> • Do you agree or disagree with the proposal? • Do you have any comments on the specific drafting proposed? • Do you agree or disagree that the proposal meets the requirements of s43N(3) of the Act? 	<p>Genesis Energy supports the proposed amendment to rule 45 because it is a sensible method of removing anomalous results caused by historical data.</p>
<p>Q2: In regard to the proposal to amend rules 31, 41, and 48 so that injection and consumption information and allocation reports can be provided at 1200 hours rather than 0800 hours:</p> <ul style="list-style-type: none"> • Do you agree or disagree with the proposal? • Do you have any comments on the specific drafting proposed? • Do you agree or disagree that the proposal meets the requirements of s43N(3) of the Act? 	<p>Genesis Energy supports the proposed amendments to rules 31, 41, and 48 because the amended timeframes have functioned well under the current exemptions.</p>

QUESTION	COMMENT
<p>Q3: In regard to the proposal to amend rule 25 so that Gas Industry Co is able to give notice of file formats for additional information exchanges required by the Rules:</p> <ul style="list-style-type: none"> • Do you agree or disagree with the proposal? • Do you have any comments on the specific drafting proposed? • Do you agree or disagree that the proposal meets the requirements of s43N(3) of the Act? 	<p>Genesis Energy supports the proposed amendment to rule 25 because consistency of approach is beneficial in terms of the efficiency of the reconciliation process.</p>
<p>Q4: In regard to the proposal to include a new subclause 26.4 which will enable the allocation agent to reasonably request any information required for its role:</p> <ul style="list-style-type: none"> • Do you agree or disagree with the proposal? • Do you have any comments on the specific drafting proposed? • Do you agree or disagree that the proposal meets the requirements of s43N(3) of the Act? 	<p>Genesis Energy supports the proposed new subclause 26.4, but recommends that the word “reasonably” should be added as follows:</p> <p>“26.4 An allocation participant must, as soon as reasonably practicable, provide the allocation agent with any additional information reasonably requested by the allocation agent for the purpose of carrying out its role in accordance with the rules.”</p> <p>This wording acknowledges that participants may have resource constraints and competing priorities that they have to balance against fulfilling the allocation agent’s request immediately.</p>

QUESTION	COMMENT
<p>Q5: In regard to the proposal to amend rule 39 to extend the deadline for the provision of trading notifications:</p> <ul style="list-style-type: none"> • Do you agree or disagree with the proposal? • Do you have any comments on the specific drafting proposed? • Do you agree or disagree that the proposal meets the requirements of s43N(3) of the Act? 	<p>Genesis Energy supports the proposed amendment to rule 39 because it will reduce the risk of unavoidable breach in the case where a retailer receives a backdated switch.</p>
<p>Q6: In relation to the proposal to amend rules 5, 30, 41, 44, 45, and 48-50 to better reflect the role of TSOs and transmission arrangements in the downstream allocation process:</p> <ul style="list-style-type: none"> • Do you agree or disagree with the proposal? • Do you have any comments on the specific drafting proposed? • Do you agree or disagree that the proposal meets the requirements of s43N(3) of the Act? 	<p>With respect to the requirement in new rule 30.4 to include contract identifiers within consumption information submissions, Genesis Energy does not currently submit this information. Changing this from an optional to a mandatory requirement would require a system change at some cost.</p> <p>In the absence of a clear case in favour of the need to submit this data, Genesis Energy does not support the proposed new rules 30.4. If rule 30.4 is not made, then the proposed amendments to rules 5 and 45 will not be required.</p> <p>Genesis Energy supports the proposed amendments to rules 39.1.3, 41, 44, and 48-50.</p>

QUESTION	COMMENT
<p>Q7: In regard to the proposal to the minor drafting changes proposed in section 3.7:</p> <ul style="list-style-type: none"> • Do you agree or disagree with the proposal? • Do you have any comments on the specific drafting proposed? • Do you agree or disagree that the proposal meets the requirements of s43N(3) of the Act? 	<p>Genesis Energy supports the minor drafting changes proposed in section 3.7 of the statement of proposal.</p>
<p>Q8: Are there any other potential rule changes, which are minor and insubstantial in nature, that you would like to see?</p>	<p>It would be useful to amend rule 75.2.2 to clarify the allocation of audit costs for a scenario where one or more participants actively promote an audit that ultimately fails to identify any material issues.</p> <p>In this scenario, Genesis Energy suggests that the proponent or proponents of the audit should bear the costs of the audit. This would ensure that the risk of pursuing unnecessary audits is borne by the party or parties that cause the audit to be carried out.</p> <p>Alternatively, if the Gas Industry Company does not support amending rule 75.2.2, it should publish a note indicating how it would think about cost allocation in such a scenario.</p>
<p>Q9: Do you have any comments on the drafting of any other aspects of the proposed rule amendments attached as Appendix A?</p>	<p>Genesis Energy does not support the proposed amendment to rule 52.3.2(a).</p> <p>The amendment would require retailers to include vacant consumption in the volumes reported</p>

QUESTION	COMMENT
	<p>as billed to customers.</p> <p>The reconciliation rules are not supposed to test retailers' vacant property processes. If a retailer bills its customers for less volume than that retailer is allocated and pays for, then this should not be a concern for other participants.</p> <p>The comparison between retail billed and allocation volumes should only be of concern when retail billed volumes exceed allocation volumes.</p>