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Ian Dempster
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Dear Ian

GTAC: GIC change request role

Genesis Energy Limited (**Genesis**) welcomes the opportunity to provide comments to the Gas Industry Company (**GIC**) on the paper *Report on how Gas Industry Co would perform a GTAC Change Request role* dated 8 September 2017 (**report**).

We have advocated that a robust process for future code changes is crucial under the new gas transmission access code (**GTAC**). In our view this should include a code signatory vote in addition to the role performed by the GIC that is outlined in the report. We stand by this position for the reasons previously stated.¹

Rather than repeat those points, this submission aims to provide constructive challenges to the process described in the report. Our focus is on ensuring there are appropriate checks and balances on the power of any party making decisions on code change requests; in this case the GIC and First Gas, which has veto power as per section 17 of the draft GTAC.

Genesis recommends:

- Development of interpretation guidelines for the principles in section 43ZN of the Gas Act following consultation with industry. This will ensure that these principles are consistently interpreted and applied to GTAC change requests. As these principles were not drafted with assessment of GTAC change requests in mind, it would be useful to understand how they should

¹ Genesis submissions on *Governance Options*; *Code Transition*; and the *MPOC Change Request* each outline the two-part vote and review process we propose. In our *MPOC Change Request* submission we note that having both a code signatory vote and GIC review "best accounts for the interests of all transmission stakeholders proportionate to the commercial interest they carry, and offers appropriate checks and balances on the incentives of any one party."

be understood in this context e.g. how should 'efficient' in section 43ZN(a) be interpreted? We suggest it may include consideration of the potential for price shocks and/or wealth transfers; impact of costs on shippers; whether adequate timeframes for delivery have been provided. Genesis would be interested to hear other stakeholders' views on this and other interpretation matters;

- Scope provided to challenge a decision made by the GIC or First Gas e.g. the opportunity to re-submit a rejected change request through a fast-track process, or to request further justification for a decision made if insufficient evidence has been provided. Genesis is wary of otherwise creating an environment where legal redress is the only restraint on decision making powers;
- A codified trigger for independent review of the change request process, whether that be after a period of time, or after a certain number of code change requests have been assessed. This will provide an opportunity to reflect on whether the code change review process is operating optimally or if improvements are needed.

Genesis is of the firm view that getting the design of the code change process right will be important to allow the GTAC to evolve over time. We look forward to discussing these recommendations further as we move through the next stages of the GTAC development.

If you would like to discuss any of these matters further, please contact me by email: margie.mccrone@genesisenergy.co.nz or by phone: 09 951 9272.

Yours sincerely



Margie McCrone
Regulatory Advisor