



19 May 2006

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Dear Gael

SUBMISSION ON COMPLIANCE AND ENFORCEMENT ARRANGEMENTS

Introduction

1. Thank you for the opportunity to comment on the Gas Industry Company's (GIC's) consultation paper "*Compliance and Enforcement Arrangements in the New Zealand Gas Industry*", 12 April 2006.
2. No part of our submission is confidential and we are happy for it to be publicly released.

Mighty River Power's views

3. Mighty River Power notes that any compliance and enforcement arrangements that are developed could potentially have applicability to various elements of the GIC's work-streams, and market rule development. Consideration of appropriate compliance and enforcement arrangements should not, in our view, be developed for one area (registry and customer switching) in isolation of other areas of market development.
4. Mighty River Power considers that the preferred model that the GIC has developed for compliance and enforcement arrangements is a logical model for consideration.
5. Having said that though, we also consider that a balance needs to be struck between cost and function. At this stage, Mighty River Power is not convinced that bilateral contractual arrangements are not sufficient to rely on.
6. As a minor additional comment, Mighty River Power disagrees with the proposal for there to be a mandatory requirement for market participants to 'dob' in other participants for breaches of the rules. Mighty River Power is not an enforcement agency, and would not welcome such a role.

Concluding remarks

7. If you would like to discuss this matter directly with Mighty River Power, please do not hesitate to contact either me (on 09 308 8213 or neil.williams@mightyriver.co.nz) or Rob Allen (on 09 308 8259 or robert.allen@mightyriver.co.nz).

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Neil Williams', is centered on the page. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Neil Williams
General Manager – External Affairs