



30 June 2006

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Dear Rebecca

Submission on Proposed Mechanism to Implement a Central Registry

1. Thank you for the opportunity to make a submission on the Gas Industry Company's (GIC's) consultation paper entitled "*Mechanisms to Implement a Central Registry*" dated 19 June 2006 (Central Registry Paper).
2. No part of this submission is confidential and we are happy for our submission to be made publicly available.

Mighty River Power's Views

3. Mighty River Power, as stated in its previous submissions, supports the imposition of a mandatory central registry. In our view, such a registry should be instituted by rules under the Gas Act 1992.
4. Mighty River Power is quick to add that recourse to a regulatory solution in this instance, is contrary to our view that a non-regulatory pan-industry solution should be favoured as the first option in respect of the GIC's oversight of the gas industry. However, in the present case Mighty River Power agrees with the GIC that the difficulties associated with obtaining pan-industry agreement rule out the provision of a central registry via a multilateral contractual solution.
5. Mighty River Power agrees with the GIC's observations that, the pan-industry approach in this case encounters substantial difficulties including: finding a consensus among diverse and competing participants; the inability to compel new industry participants to execute and comply with a pan-industry agreement; and the risks associated with the requirement to gain authorisation from the Commerce Commission under the Commerce Act.

Compliance and Enforcement

6. Mighty River Power acknowledges that the GIC's Central Registry Paper is narrowly focused on the issues of whether a central registry should be mandatory and whether a central registry should be implemented via pan-industry agreement or rules. However, we take the opportunity to express our view that should the GIC favour a regulatory solution, that a non-regulatory solution be attempted in the first instance in respect of compliance and enforcement. Specifically, Mighty River Power favours a multilateral contractual approach to enforcement in the early stages of a rules based central registry.

7. This reflects Mighty River Powers concerns that enforcement and compliance should initially place the onus on participants, strike an appropriate balance between cost and function, and be based in the practical requirements of the registry (i.e. should compliance become an issue at a future time the appropriate regime should be created as a response to the specific problems which arise - which may include rules).

8. Mighty River Power's responses to the specific questions in the consultation paper are provided below.

QUESTION	COMMENT
Q1: Do you agree that mechanisms to implement a central registry must be mandatory? If not, please explain.	Agree.
Q2: Do you agree Gas Industry Co has identified the most likely alternatives for mechanisms to implement a central registry? If not, please provide details of any other likely alternative mechanisms.	Agree.
Q3: Do you agree with Gas Industry Co's analysis of a Pan-Industry Agreement as a mechanism to implement a central registry? If not, please explain.	We agree that the GIC's analysis adequately characterises a pan-industry approach to a mandatory central registry. We do not consider that such an approach is practical for the creation of a central registry.
Q4: Do you agree with Gas Industry Co's analysis of Pan-Industry Agreement with a Rules fallback as a mechanism to implement a central registry? If not, please explain.	We agree with the GIC's characterisation. Although regulation as a fall back is a viable solution, in that it allows a fallback from a non-regulatory solution to a regulatory one, as stated above, we consider that a regulatory solution is the only practical solution in this case.

QUESTION	COMMENT
Q5: Do you agree with Gas Industry Co's analysis of Rules as a mechanism to implement a central registry? If not, please explain.	Agree.
Q6: Do you agree with Gas Industry Co's preferred approach? If not, please explain what is your preferred approach and why.	Agree.

Concluding Remarks

- 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@mightyriverpower.co.nz) or John Gilkison (on 09 308 8202) or john.gilkison@mightyriverpower.co.nz).

Yours sincerely



Neil Willaims
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