



9 February 2007

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Dear Kelly

DECISION PAPER - SWITCHING AND COMPLIANCE

Introduction

1. Thank you for the opportunity to make a submission on the Gas Industry Company's (GIC) decision paper entitled "*Decision Paper, Switching and Compliance*" dated 19 January 2007. No part of our submission is confidential and we are happy for it to be made publicly available.

Mighty River Powers views

Q1: Do you agree that the draft rules did not meet the intent of the rule drafters by effectively making confidential network price and other sensitive information available to all participants?

2. Mighty River Power considers that the proposed rules were overly complicated.
3. However, we are not convinced that restrictions on the availability of network price category codes are necessary to protect confidential information. That is, there is negligible, if any, commercial detriment to distributors and meter owners of having this information available on the registry. We are particularly concerned that the "disclosure on application" code will be misused for scheduled prices.

Q2: Do you agree that the draft rules should be amended to include a "disclosure on application" code to be used for some ICP parameters?

4. We agree that this would be a pragmatic approach. However, we consider that it will be largely unnecessary. Accordingly, we **recommend** that the "disclosure on application" provisions have the status of transition provisions that will automatically expire in 24 months time and be subject to a review in 21 months time. From our perspective, it is

hoped that at that time, maturing of the switching registry will indicate that such confidentiality rules are unnecessary.

Q3: Do you agree that the amended draft rules included in this paper achieve the appropriate outcome for confidential network price and other sensitive information?

5. Yes, if information is to be withheld then a “disclosure on application” code mechanism would appear appropriate. However, it is difficult to say with certainty at this stage whether the mechanisms put in place will achieve the desired objective of protecting bona fide confidential information, while not impeding the operation of the registry in a substantial manner.
6. We stress that the “disclosure on application” category should only ever be used for sites that are individually priced, i.e. not where a scheduled price has been published. We reiterate our view expressed in a letter to the GIC dated 7 December 2006:

... the attempt to limit the information available on the proposed central registry is driven by a desire to inhibit competition, rather than protect commercially sensitive information. Our experience with the electricity registry suggests that the opportunities to “misuse” registry information to “cherry pick” customers is limited compared to the other avenues parties may have to find out the same information. In other words, the degree to which information from the electricity registry is abused is not significant, and there is no reason to suggest it would be any different with the gas central registry.

7. Our concern is that the prospective “disclosure on application” code will be used unnecessarily.

Q4: Do you agree that the draft rules did not meet the needs of participants by not catering for inclusion of consumer installations directly connected to transmission systems?

8. Mighty River Power supports the requirement that all consumer installations be included on the registry. Consistent with this, we consider that the rules should be amended to accommodate the inclusion and management of ICPs for consumer installations directly connected to transmission systems.

Q5: Do you agree that the amended draft rules included in this paper are an appropriate means by which ICPs related to consumer installations directly connected to transmission systems should be added to and maintained in the registry?

9. No. Mighty River Power considers that NGC Transmission should be expected to manage ICPs connected directly to its assets. Appointing a distributor to be responsible for an ICP that it is not necessarily associated with, seems unnecessary and inappropriate.
10. We do not consider the burden of Transmission owners taking responsibility for their direct connect customers to be onerous.

Q6: Do you agree that the registry operator should be covered by the compliance regulations in respect of the switching rules which impose process obligations on the registry operator?

11. Yes.

Q7: Do you agree that there should be a liability cap for the registry operator?

12. Yes.

Q8: Do you agree with the amounts specified?

13. Mighty River Power considers that the figure of \$20,000 may be a little on the low side. We acknowledge that if the cap is too high it will only result in a risk premium built into the registry operators charges. Nonetheless, we consider that a cap of \$30,000 for any individual event would be appropriate.

Q9: Do you agree that some aspects of the registry operator performance are best managed through a service provider contract?

14. Yes.

Q10: Do submitters consider that the draft rules attached to this paper adequately reflect the intent of the Switching Proposal? If not, please provide drafting amendments in mark-up form.

15. Yes. However, as the operation of the switching registry matures, development and/or clarification of the rules will likely be required.

Q11: Do submitters consider that the draft regulations attached to this paper adequately reflect the intent of the Compliance Proposal? If not, please provide drafting amendments in mark-up form.

16. Yes.

Concluding Remarks

17. If you would like to discuss this matter directly with Mighty River Power, please do not hesitate to contact either me (on 09 308 8202 or john.gilkison@mightyriver.co.nz) or John Candy (on 09 580 3783 or john.candy@mightyriver.co.nz).

Yours faithfully

John Gilkison
Regulatory Counsel