

Gas Industry Co
Via email
consultations@gasindustry.co.nz

3 December 2020

Extending the Electricity Price Review's Final Recommendations to the Gas Market – An Assessment

Thank you for the opportunity to provide a submission on the Gas Industry Co's (GIC) consultation paper "Extending the Electricity Price Review's Final Recommendation to the Gas Market – An Assessment". We have not completed a submission template as Mercury largely agrees with the position the GIC has taken in relation to the EPR recommendations. We have set out the comments that we would like to make below.

Energy hardship

Mercury commends the GIC for its proactive consideration of the Electricity Price Review's (EPR) 32 final recommendations and how these may apply to the natural gas and LPG markets (Gas market). We are particularly pleased to see the GIC supporting the EPR recommendations in relation to energy hardship. Many vulnerable families rely on gas for cooking and hot water¹ therefore it makes sense to extend the same obligations to the Gas market as will be applied to the electricity sector. Mercury has observed a gap in the Gas market for vulnerable consumers who for poor credit reasons are unable to maintain their gas supply to meet their basic daily cooking and hygiene needs. Unlike the electricity sector, the Gas market does not have a prepay product providing vulnerable families with a tool for managing their debt and ensuring a consistent power supply. Better coordination between gas and electricity retailers and social agencies such as Kainga Ora, Work and Income and Money Talks would help close this gap and reduce the risk of families living without gas and power.²

Information disclosure

Mercury supports the GIC's Information Disclosure workstream pursuant to EPR recommendation D1. We reiterate our submission³ to the GIC on this workstream that a core assumption of market efficiency is perfectly available information. In the electricity market, anonymous hedge disclosures can be viewed publicly, and they include information about price, volume, location and date. For the promotion of market efficiency, we see no reason the same information cannot be published for the Gas market. In the GIC's response to submissions it recognised that electricity companies need to understand the gas price.⁴ The GIC:

¹ Kainga Ora, for example, currently have 5611 properties around the country with families reliant on gas supply for hot water and cooking. Kainga Ora have begun the process of converting these properties from gas to electricity however at the rate of 700 properties conversions per annum, this will take up to 8 years.

² We have recently made a detailed submission to the Electricity Authority on the draft Consumer Care Guidelines that sets out our views in this regard in more detail. This will be available on the Authority's website shortly or we are happy to provide a copy on request.

³ Cross Submission – Information Disclosure: Problem Assessment, Mercury, 11 March 2020.

⁴ Problem Assessment: Analysis of Submissions, Gas Industry Co, 15 May 2020, page 24.

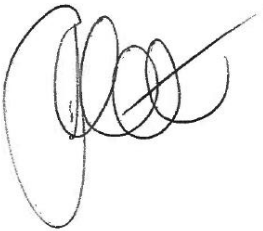


“intend[s] to do further work to identify the specific issues and needs of those companies and options for how those needs might be addressed.”⁵

This commitment is key to the proper application of D1 and we urge the GIC to continue with their work in this regard.

If you have any queries in relation to the above, please don't hesitate to contact me on 0212882276 or at jo.christie@mercury.co.nz.

Yours sincerely

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Jo Christie

⁵ Ibid

