



9 October 2008

Sarah Greathead
Team Secretary
Gas Industry Co
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Dear Sarah

Submission on Compliance Procedures

Thank you for the opportunity to make a submission to the Gas Industry Co's consultation paper on compliance procedures for Market Administrator, Investigator and Rulings Panel as appointed under the compliance regulations. No part of this submission is confidential and Mighty River Power would be happy for it to be publicly released.

Mighty River Power supports the procedures finding them practical and aligned with the requirements of the regulations. We offer the following suggestions to improve the functioning of this process.

1. Service provider reporting

We are concerned at the number of breaches that can result from automated reporting by a service provider. Robust systems must be in place to ensure that the reporting is related to the rules in all cases. We have had previous experience (Electricity Commission) with reports that have been generalised including similar components that by their nature have different tolerances under the rules. A good example of this was time frames to be met by the switching rules. The system generated report from the registry includes all switch types, however the timeframes were different for metering types. These constantly show as breach occurrences on the switch report.

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2. Thresholds

We would like to see thresholds put in place to ensure practical application of breach allegations for automated reports from service providers. In most cases the potential breaches have been corrected once found or notified. If this is the case we would expect that service providers will be allocated the ability to make comment on any breach reporting to curb unnecessary further follow up.

Whilst all rule breaches should be reported, those breaches where no impact is made, are known rule anomalies or are minor one off mistakes, should be handled in a way as not to cause unnecessary resource time. We would expect however, that repeat offences are dealt with through the process.

3. Breach statistics

It would be of assistance to see regular statistics of rules that are in breach. Repeat occurrences of a particular rule can signal that something is wrong with the process, application or rule. Published statistics would enable participants to lobby for rule changes where reoccurring breaches of the rules are due to incorrect wording, interpretation or ambiguous.

If you have any queries regarding Mighty River Power's submission, or would like further information, please do not hesitate to contact the writer, Mercury Energy's Compliance Manager, Chrissy Burrows on 09 580 3658 or chrissy.burrows@mercury.co.nz.

Yours sincerely

A handwritten signature in black ink, appearing to be 'CB', followed by a horizontal line and a period.

Chrissy Burrows
Compliance Manager