



Switching: Operations and Compliance

***Powerco's submission on the Consultation
to Gas Industry Company***

31 March 2010

Question	Comments
<p>Q1. Do participants agree with the proposed approach to disregard NEW, DST and RET breaches on the maintenance report?</p> <p>Should alternative arrangements be put in place for assessing compliance with these rules or is it sufficient for breaches to be alleged on an ad hoc basis as they arise?</p>	<p>Powerco supports the proposal for the Market Administrator not to create maintenance breaches for NEW and DST events, due to insufficient information on the registry to allege the breach. Powerco's internal workflow system monitors our compliance with the Switching Rules and alerts us when ICP requests have not been completed by the due dates.</p> <p>Although we do not get RET breach events, we actively monitor ICPs that remain at a ready status for a long time. If we believed that a retailer was not updating the registry in a timely manner we would create a breach notification ourselves.</p> <p>In the main, Powerco is satisfied that the proposed maintenance breach process is fit for purpose and that participants will raise breaches were they observe rule breaches. Given that we will still get the PR-110 report we can monitor our own compliance.</p>
<p>Q2. Do participants believe that further automating the production of breach reports and notices, and the inclusion of extra information, would be beneficial in the long term?</p>	<p>Powerco supports the automation of the breach reports and that the reports contain the missing information so that the reports can be generated automatically.</p>
<p>Q3. Do participants have any further suggestions for the enhancement of the compliance process or to reduce the compliance burden (assuming that changes to the Compliance Regulations will not be processed in the near future)?</p>	<p>Powerco agrees with the Gas Industry Company that the number of breaches for minor matters has reduced significantly from when the registry first went live. In addition to a quantum reduction, there has also been a marked improvement in compliance and adherence with the rules.</p> <p>In the short term, Powerco recommends the Gas Industry Company continues its education of its participants through the compliance meetings which have positive benefits to members.</p> <p>In the longer term however Powerco would support a rule change</p>

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	whereby the minor breaches aren't automatically reported. Instead, affected participants would raise a rule breach similar to what occurs in the electricity market.
The proposals on switch withdrawals, non-business days and requested switch dates relate to retailers' operations. From the description provided by the GIC, we consider the proposals to be appropriate, although we note that there may be retail operational issues that we are not aware.	
<p>Q4. Do Participants support the proposed amendment to the registry which would remove the option to re-submit a GNW if the first GNW request were rejected?</p> <p>Do participants agree that following receipt of a GAN or GTN the option to request a switch withdrawal request should be allowed?</p>	<p>Powerco agrees that it is not acceptable to allow multiple GNW's to be generated and by careful sequencing ICP's will not be reported as a breach and switching is unreasonably held up.</p> <p>Powerco supports the proposed amendment that removes the option to re-submit a GNW if the first GNW request is rejected.</p>
<p>Q5. If the registry is amended as per the proposal do participants consider that this gives effect to the purpose of rule 78.5? In conjunction with this change, would it be appropriate for Gas Industry Co to issue a blanket exemption or a guideline of the rule?</p>	<p>Powerco agrees with these suggestions that a blanket exemption is granted until a rule change can be written.</p>
<p>Q6. In the longer term do participants feel that it is necessary for a rule change to clarify rule 78.5?</p>	<p>Powerco supports a rule change to clarify the purpose of rule 78.5. A significant amount of time at the Compliance Forums is spent on this rule, with many participants have different interpretations. The rule should be rewritten for the sake of clarity to all members and new entrants.</p>
<p>Q7. Do participants agree that a change is necessary to the method used by the registry for calculating days overdue where non-business days are involved? Would participants prefer that breaches which are 'zero' business days overdue not to be reported or that the count of business days overdue for such breaches be the number of calendar</p>	<p>Powerco agrees that a change to the way business days is needed.</p>

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days?	
<p>Q8. Do participants agree that it is sufficient to rely on manual reporting of potential breaches of rule 72.2 or is there a preference for the registry to be amended to automatically flag where an actual switch date falls after a requested switch date?</p>	<p>Powerco believes that the manual reporting of breaches is sufficient and participants will raise manual breaches if there are affected by this rule.</p>