



GREYMOUTH GAS

31 January 2013

Jacki Eves
Senior Legal Counsel
Gas Industry Company Limited
PO Box 10 646
Wellington 6143

Dear Jacki,

RE: Proposed amendments to the Gas Governance (Compliance) Regulations 2008 – further details of the threshold regime

Greymouth Gas New Zealand Limited ("Greymouth Gas") is pleased to make a submission on the Proposed amendments to the Gas Governance (Compliance) Regulations 2008 – further details of the threshold regime (the "paper") following an invitation from the Gas Industry Company Limited ("GIC") on 21 December 2012.

Greymouth Gas thanks the GIC for giving particular consideration to our submission on the Statement of Proposal – Amendments to the Gas Governance (Compliance) Regulations 2008 (the "SOP"), which supported the concept but questioned the implementation method of the threshold regime.

Accordingly, the paper (thus the extended SOP) now appears to adequately explore such implementation issues. Greymouth Gas supports the paper for the following reasons:


- Rules suitable for the threshold regime have been identified in the paper – this provides greater regulatory certainty,
- The indicative drafting of the empowering provisions provides a framework – this is superior to a guideline note which may not have had any framework and if it did then the framework would not have been formally backed by regulatory standing,
- The indicative drafting of the empowering provisions allows GIC to grant exemptions – this is superior to a guideline note that may have allowed for ultra vires changes to the intent of the underlying regulations, whereas the proposed approach now seeks to provide exemptions from rules in a similar way to the Gas (Downstream Reconciliation) Rules 2008 vis-a-vis direct connect gas gates,
- The indicative drafting of the empowering provisions codifies protection that the GIC must consult with participants if it chooses to issue breach reporting exemptions – this preserves the intent of section 43N of the Gas Act 1992 ("Gas Act") noting that this

process will effectively be delegated to the Gas Governance (Compliance) Regulations 2008 ("Compliance Regulations") if/after appropriate ministerial approval is granted,

- The consultation process in the paper is an improvement on section 43N(3) of the Gas Act, as it gives industry an added option to participate in decisions on prima facie minor exemptions whereas industry may not have otherwise had that chance,
- A more robust platform for precedents will be set via exemptions than would have been able to be achieved via guideline notes, which increases regulatory certainty and gives GIC the flexibility to adapt to emerging situations.

Greymouth Gas considers that if the appropriate ministerial approval is granted to amend the Compliance Regulations, based on the paper and SOP, then this would be an innovative, robust and appropriate solution to implementation issues covering the threshold regime concept which has broad industry support.

Yours sincerely,



Chris Boxall
Commercial Manager