



25 July 2013

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Dear Greg

## **Retail Gas Contracts – Review of the Oversight Scheme**

### **Introduction**

1. Mighty River Power welcomes the opportunity to respond to the Gas Industry Company's (GIC's) review of the Retail Gas Contract Oversight Scheme published on 13 June 2013. No part of the submission is confidential and Mighty River Power is happy for it to be publicly released.

### **Comments**

2. We agree with the GIC's conclusion that it would be an inefficient use of resources and costs to carry out an annual review of gas retailers' customer contracts when those customer contracts have not changed since the previous review.
3. If a gas retailer has undertaken a review of their customer contracts and as a result has published a new customer contract for residential and/or small business customers then that gas retailer should be required to advise the GIC of this within 1 month of publishing their new customer contract. The GIC can then arrange for the new contract to be reviewed and assessed against the benchmarks and arrange for the results of the assessment to be published. Otherwise Mighty River Power would suggest that gas retailers only be required to confirm to the GIC annually that their customer contracts have not changed.
4. We note that all of the three open access gas network operators are currently consulting on new Use of Systems Agreements for their networks. It is possible that on the conclusion of these negotiations and the implementation of these new agreements that

changes may be required to retailers' customer contracts. Should these new Use of Systems Agreements result in all gas retailers amending their customer contracts, this should be a trigger for a full reassessment of all customer contracts by the GIC.

5. In regards to the above, we would suggest that unless new legislation is introduced which would require changes to existing customer contracts or there is a revision of the benchmarks, then a full review of gas retailers customer contracts should only be conducted by the GIC every 5 years.
6. The GIC has acknowledged that all of the current gas retailers are also electricity retailers. From a retailer's perspective it is therefore important that where there are common issues between gas and electricity that the GIC and the Electricity Authority set common benchmarking targets. Fuel specific issues can then have their own specific benchmarking targets. We would therefore support the GIC's proposal that they work with the Electricity Authority to agree and where appropriate set common benchmarking standards for customer contracts.
7. We do not believe that it is appropriate for the GIC to extend their assessment of gas contracts to LPG customer contracts unless either the LPG industry/retailers fund such an assessment or the GIC's authority is extended to include LPG as well as natural gas. If the GIC's authority were to be extended to cover LPG then we would expect the LPG industry to contribute to the GIC's funding for these types of activities in the same way the natural gas industry does.

### **Concluding remarks**

8. If you would like to discuss any of our above comments directly with Mighty River Power, then please do not hesitate to me on 06 348 7926 or [jim.raybould@mightyriver.co.nz](mailto:jim.raybould@mightyriver.co.nz) .

Yours sincerely

A handwritten signature in black ink that reads "Jim Raybould". The signature is written in a cursive, slightly slanted style.

**Jim Raybould**

Gas Manager