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Genesis Energy Limited

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17 February 2014

Greig Hinds  
Gas Industry Company  
95 Customhouse Quay  
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Submitted via: Gas Industry Company website

Dear Greig

## Support for changes to retail gas contracts oversight scheme

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Genesis Energy Limited welcomes the opportunity to provide a submission to the Gas Industry Company ("the GIC") on the consultation paper "Statement of Proposal: Retail Gas Contracts Oversight Scheme Review" dated 6 January 2014.

We support the proposed changes to the retail gas contracts oversight scheme. The change to a three-yearly assessment cycle is more practical for retailers, while the watching brief maintained by the GIC will ensure that any arising contract issues can be addressed in a timely manner. Our responses to the consultation questions are set out in Appendix A.

If you would like to discuss any of these matters further, please contact me on 04 495 6354.

Yours sincerely

A handwritten signature in black ink, appearing to read "K Collins".

Karen Collins  
Senior Regulatory Advisor

## Appendix A: Responses to Consultation Questions

QUESTION	COMMENT
Q1: Do you agree with the proposed purpose of the Oversight Scheme?	Yes.
Q2: Do you agree with the scope of the Scheme?	<p>Yes.</p> <p>We encourage the GIC to maintain a watching brief over the LPG retail market, as we consider that this market will continue to evolve over the next few years.</p>
Q3: Do you support the proposed RCEs?	<p>We support all of the proposed Reasonable Consumer Expectations (RCEs) except for RCE 13:</p> <p style="padding-left: 40px;">“The delivered price for gas supply is fair and reasonable, and is reflective of the cost of supply”.</p> <p>The delivered price for gas is determined by the market. We agree that overtime and across consumers, the gas price will be reflective of the cost of supply. However, at any one point of time, the gas price may be above or below the cost of supply for a range of customers. It is misleading to suggest it will always be reflective.</p> <p>Secondly, to meet this expectation, gas retailers would need to constantly update the retail gas price to take into account the current market dynamics. This would introduce unnecessary cost and volatility into gas pricing.</p> <p>We therefore recommend that RCE 13 be amended as follows:</p> <p style="padding-left: 40px;">“The delivered price for gas supply is fair and reasonable.” <del>and is reflective of the cost of supply”.</del></p>

QUESTION	COMMENT
Q4: Do you support the proposed arrangement of outcome based Benchmarks and Interpretations sitting under the RCEs? Or would you prefer Principles and Minimum Terms? Why?	We support the use of outcome-based Benchmarks and Interpretations sitting under the RCEs. This approach enables retailers to best meet customer expectations in varying and innovative ways.
Q5: Do you agree that there should be scope for Gas Industry Co and industry to amend the Benchmarks under the Scheme and provided the Benchmarks support the RCEs?	We are comfortable with the GIC having scope to amend the Benchmarks under the Scheme, as long as adequate consultation is undertaken and any changes are well-signalled to retailers.
Q6: Do you have any comments on the proposed amendments to the Benchmarks and Interpretations?	No.
Q7: Do you have any comment on the proposed amendments to the scheme operation?	No.