



17 February 2014

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TRUSTPOWER SUBMISSION: RETAIL GAS CONTRACTS OVERSIGHT SCHEME REVIEW

- 1.1.1 Trustpower Limited ("Trustpower") welcomes the opportunity to provide a submission to the Gas Industry Company ("GIC") on its Retail Gas Contracts Oversight Scheme Review consultation paper ("the Consultation Paper").
- 1.1.2 Our answers to the specific questions posed in the Consultation Paper are attached in Appendix A.
- 1.1.3 For any questions relating to the material in this submission, please contact Geoff Williamson, Head of Markets, on 07 572 9754.

Yours faithfully,

JAMES TIPPING
REGULATORY STRATEGY MANAGER

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Appendix A: Responses to consultation questions

| Question | Response |
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| 1. Do you agree with the proposed purpose of the Oversight Scheme? | <p>1.1 Yes, Trustpower agrees with the proposed purpose of the Oversight Scheme.</p> <p>1.2 We agree 'fair' should be used in place of 'balance' for consistency.</p> <p>1.3 We agree specific reference to supporting an effective complaints scheme is no longer required.</p> <p>1.4 We agree the purpose statement should also support future market structures.</p> |
| 2. Do you agree with the Scope of the Scheme? | <p>2.1 Yes, Trustpower agrees with the Scope of the Scheme.</p> <p>2.2 We agree it should apply to all published standard-form gas supply arrangements, whether for the supply of domestic or small business consumers.</p> <p>2.3 We agree the Scheme will not cover LPG contracts, including contracts for LPG supplied over reticulated LPG networks, on the basis that there is nothing to prevent LPG retailers voluntarily aligning with the Scheme.</p> <p>2.4 We agree the Benchmarks and proposed RCEs of the Scheme will apply to contracts with special or promotional terms, where relevant. We also note and agree it is not necessary for special terms to be formally assessed by the Scheme.</p> <p>2.5 We agree the assessment of the Scheme will be limited to standard form published arrangements.</p> |
| 3. Do you support the proposed RCEs? | <p>3.1 Yes, Trustpower supports the proposed RCEs.</p> <p>3.2 We believe that alignment of RCEs (those matters which a consumer should expect to see in a contract) by the GIC to those set by the Electricity Authority sets a consistent framework for multi-product offerings.</p> |
| 4. 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? | <p>4.1 Yes, Trustpower supports the proposed arrangement of outcome based Benchmarks and Interpretations sitting under the RCEs.</p> <p>4.2 We agree with the GIC that alignment should occur to the extent reasonably practicable.</p> <p>4.3 We agree the differences between the industries mean full alignment is not practicable.</p> <p>4.4 We agree this is an approach that enables the GIC to improve alignment with the Electricity Authority's regime and also continue to support and monitor a separate gas Scheme.</p> |

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| <p>5. 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?</p> | <p>5.1 Yes, Trustpower agrees that there should be scope for GIC and industry to amend the Benchmarks under the Scheme and provided the Benchmarks support the RCEs.</p> <p>5.2 We recognise the need for amendments to be responsive to relevant and material market changes.</p> <p>5.3 We agree consultation with industry should be required.</p> <p>5.4 A reasonable transitional period should be agreed with industry, so that consistent application of material changes is enabled across industry.</p> <p>5.5 Thorough and transparent consideration is demonstrated to include both the benefits and compliance costs of any proposed amendments in light of the purpose of the Scheme.</p> |
| <p>6. Do you have any comments on the proposed amendments to the Benchmarks and Interpretations?</p> | <p>6.1 Our comments are as follows:</p> <p>a) Benchmark 5.2 Contract variation procedures should allow the option of a public notice; and</p> <p>b) Benchmark 9.1 It would be beneficial to define what is a reasonable period to recover undercharges.</p> |
| <p>7. Do you have any comment on the proposed amendments to the scheme operation?</p> | <p>7.1 Our comments are as follows:</p> <p>a) We believe proposed amendments are practical and consistent with the principle of optimal alignment between industries to support a consistent framework for multiproduct offerings.</p> |