To assist Gas Industry Co in the orderly and efficient consideration of stakeholders' responses, a suggested format for submissions has been prepared. This is drawn from the questions posed throughout the body of this consultation document. Respondents are also free to include other material in their responses.

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Question	Comment
Q1: Do you agree with the definitions adopted by Gas Industry Co in this Discussion Paper? If not, what do you suggest?	Yes
Q2: Do you agree with the proposed Regulatory Objective for downstream reconciliation? If not, what do you think would be a more appropriate regulatory objective?	Yes
Q3: Do you agree with Gas Industry Co's preferred approach towards standardised file formats? If not, how should it be improved?	Yes
Q4: Do you agree with the proposed estimation accuracy criteria and proposal to require normalisation of data? If not, why not?	Yes. However, if there are errors within a retailer's billing system which mean a customer is being under-billed due to, say, an incorrect pressure factor, this comparison of initial to final figures will not detect this. Only an overall measure such as UFG% can indicate such a problem(s).
Q5: Do you agree with the proposed minimum meter reading requirements? If not, why not?	Yes, by having one read each quarter, a more accurate seasonal usage pattern will be identified and allocated accordingly.
Q6: Do you consider the 10TJ threshold for allocation groups 1 and 2 should be reviewed? If so, do you have any information that would assist Gas Industry Co to perform this review?	No. I think that due to the high cost of TOU devices, and the large number of customers in the 5-10TJ load size, the cost would far outweigh the benefit. Retailers would also need to download and process more data each month, in what is already a fairly tight timeframe.

Q7: Do you agree with the proposed process for the calculation and publication of loss factors appropriate? If not, how should it be improved?	Yes. This method requires the distributors to annually calculate and publish UFG factors for **each gate** (based on the sales data the Alloc Agent received from retailers). Sales data is required from all retailers, including the incumbent retailer.
Q8: Do you consider that the current month end timeframes for the provision and calculation of allocation information are appropriate?	Yes
Q9: Do you consider transitional provisions and/or exemptions will be required prior to the central registry go-live date?	Yes, the current manual switch method seems very slow and cumbersome.
Q10: Do you agree with the preferred approach of implementing a mandatory requirement on all industry participants to submit accurate data and comply with all data submission requirements?	Yes
Q11: Is Gas Industry Co's proposed regime for rolling 4 month (interim allocation) and 13 month (final allocation) revisions appropriate? Is the terminology ("interim allocation" and "final allocation") appropriate or would alternative terminology (e.g. "first revision" and "second revision") be clearer?	Yes, 4 month & 13 month periods are appropriate. It also needs to be pointed out that 3 full allocations per month will mean increased costs, however these may be offset by the reduction in number of corrections, and by retailers ability to derive their own daily forecasts (as gate daily info is available). The terminology is fine.
Q12: Do you agree with Gas Industry Co's proposed restriction of the correction process (i.e. limiting corrections to within one working day of publication and only if a manifest error is discovered)? If not, what alternative correction process do you propose?	Yes. After the one working day period, any changes would have to be held over to the interim allocation (4 month).
Q13: Do you agree with the preferred approach of publishing gas gate, UFG and specified allocation information?	Yes. Gas gate data will assist retailers to produce their own daily forecasts, and to determine gate seasonal trends. Publishing the UFG info will help bring the UFG issue to light, and clarify the extent at particular gates.
Q14: Do you agree with the preferred approach of mandating	Yes, the market shares have shifted to such an extent that questions need to be

the 1 month UFG global method?	asked as to when an incumbent should be an incumbent. The proposed data quality improvements should lead to UFG reductions.
Q15: Do you agree that the mandatory downstream reconciliation arrangements should not include the day end estimated allocation service and month end monthly allocation service?	Yes, given that gate daily info will be available to retailers. Note that Vector does not have telemetry at every gate, and so this info is only available for selected gates, which tend to be the larger volume gates.
Q16: Do you agree that Gas Industry Co should appoint the Allocation Agent using a service provider model similar to that used in the electricity industry? Do you agree that the initial appointment should be for a 5 year term?	Yes. Yes
Q17: Is a pan-industry arrangement as described in this section the most appropriate alternative governance structure to the use of regulations and rules under the Gas Act? Which governance structures would you prefer (regulatory or pan-industry)?	Yes. Prefer regulatory governance structure.
Q18: Should funding of the reconciliation arrangements be covered by a process detailed in the reconciliation arrangements (rather than, for example, by the levy)? Do you agree with Gas Industry Co's preliminary view that the arrangements should be funded by retailers according to the number of ICPs?	Yes. Yes.
Q19: Do you agree with the proposed audit arrangements? If not, please specify which aspects of the proposed arrangements are inappropriate and how you consider they should be improved?	Yes

Q20: Do you agree that the auditor should be excluded from coverage of the compliance regime (i.e. should compliance be only a contractual matter between Gas Industry Co and the auditor)?	Yes, covered by appointment contract with GIC
Q21: Are the proposed arrangements for Allocation Agent compliance appropriate? What do you think is a suitable liability cap for non performance?	Yes. The liability cap amounts proposed by the GIC of $20K and $250K are suitable.
Q22: Do you agree that reporting of breaches should be voluntary for participants (not mandatory)?	Yes
Q23: Do you agree that the Allocation Agent should have a mandatory obligation to report breaches and suspected breaches?	Yes. Suitable detection methods need to be built into the allocations processes.
Q24: Do you agree that all other persons (e.g. consumers, Gas Industry Co and auditors) should have the right to report a breach?	Yes.
Q25: Do you agree with the proposed time limit for reporting breaches?	Yes, 3 years is suitable.
Q26: The preferred approach for the design of the compliance regime for reconciliation is similar to the compliance regime proposed for switching. Do you agree that the proposed compliance regime is appropriate? If not, how should the compliance regime be changed?	Yes
Q27: Do you agree that there is a need to provide for special allocations? Do you agree with the proposed process for special allocations?	Yes. I would suggest that the timeframe align with that for breach reporting, ie 3 years.
Q28: Do you have any comments on the detail in Appendix D? Are there any additional matters that should be included in	Why do the interim and final allocations need to be completed in 24 hrs? There are cost implications in such a tight timeframe (effectively doing two full allocations in the

this framework?	time usually given for one), as well as accuracy implications. I would suggest at least two days be given for this work. I would also suggest that full sets of revised data (in standardised format) be provided by retailers, rather than just the data that has changed.
Q29: Do you agree that obtaining unanimous agreement will likely require seeking authorisation from the Commerce Commission of any pan-industry agreement on downstream reconciliation?	Yes.
Q30: Do you have any views on the feasibility of a pan-industry agreement? Would participants be willing to agree to a pan-industry agreement covering the measures proposed in section 11 of this paper (subject to any necessary approvals, including any necessary Commerce Commission or Ministerial approval)?	I think it is unlikely that a pan-industry agreement can be reached unanimously.

Submitter responses to the questions that are included in the NZIER cost/benefit framework paper:

Question	**Comment**
CBA Q1: Is the first five years from the earliest date of the proposals taking effect a long enough time period to capture the resulting changes, particularly the benefits? If not, what period do you propose?	Yes
CBA Q2: Is this baseline scenario a realistic representation of what would happen in the absence of the proposals? If not, in what ways do you think it could be made more realistic and why?	Yes

CBA Q3: Do you agree with assessing the costs and benefits of all of the proposals' options, under each of a regulatory regime and a pan-industry agreement, to simplify and reduce the costs of undertaking the CBA? If not, what alternative approach do you suggest and why?	Yes
CBA Q4: Are there any costs identified in Table 1 that you consider it inappropriate to include in the CBA? Are there any significant costs missing from Table 1? Do you have any suggestions as to the likely magnitudes of the costs or how they might, in practice, be estimated?	No. Increased costs for parties involved in investigating UFG anomalies. Still considering cost implications for Allocation Agent role – some services decrease or stop, some services are increased, other services are new and resource requirements unknown.
CBA Q5: Is there any relevant information on electricity market reconciliation that could be used to inform the cost estimates?	Don't know.
CBA Q6: Are there any benefits identified in Table 2 that you consider it inappropriate to include in the CBA? Are there any significant benefits missing from Table 2? Do you have any suggestions as to the likely magnitudes of the benefits or how they might, in practice, be estimated?	No. UFG reductions (hard to predict by how much, or to convert this into $ terms)
CBA Q7: Do you agree that negotiation and agreement would cost less under the regulatory regime and be less likely to involve inefficient compromises? If not, why not?	Yes
CBA Q8: Do you agree that wealth transfers should be disregarded in assessing the net public benefit of the proposals? If not, why not, and what alternative approach do you favour and why?	Not sure – an incumbent being assigned too much UFG is at a disadvantage to the non-incumbents. As the playing field is not level, non-incumbents can price lower for public, at the expense of another third party.

CBA Q9: Do you agree with the use of real discount rates of six percent and twelve percent? If not, why not, and what alternative values do you favour and why?	Don’t know
CBA Q10: Do you agree with the use of sensitivity analysis to test the robustness of the CBA’s conclusions? If not, why not, and what alternative approach do you favour and why?	Don’t know.