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John Bright

95 Customhouse Quay
Gas Industry Company
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Submitted via: Gas Industry Company Website

Dear John

Do not support the Vector Change Request

Genesis Power Limited, trading as Genesis Energy, welcomes the opportunity to provide a submission to the Gas Industry Company ("the GIC") on the appeal of the "Vector Transmission Code ("VTC") Invoicing Change Request" ("Vector Change Request") dated 14 December 2011.

We do not support the Vector Change Request because we do not agree that all of the proposed changes included are in the best interests of the industry as a whole. In particular, we do not support the proposed change to the allocation of unrecovered balancing charges in situations of insolvency. In our view this change is substantial and would be better progressed through an individual change request where it can be assessed by industry participants on the basis of its individual merits.

We support the Mighty River Power ("MRP") Change Request. The MRP Change Request seeks to progress those changes in the Vector Change Request that both shippers and Vector view as favourable to the industry. We consider that it is highly significant that the MRP Change Request has been consented to by six of the shippers that currently operate on the Vector Pipeline. We are not aware of any shippers that support the Vector Change Request in its entirety.

Change requests should be issue specific

The Vector Change Request seeks to address a number of unrelated, and in some cases, quite substantial issues within a single change request process. We acknowledge that the VTC does not expressly limit the scope of change requests. The VTC is also silent on whether, and how, multiple changes can be progressed within a single change request process. However the decision to consent to a change request must be made on the basis of the change request as a whole.

Our preference is that the change request process should address amendments on either a “single issue” or a “related issue” basis. Where a change request seeks to address more than one change, we consider that those changes should either be insubstantial or of a related nature so that it is practical or necessary to consider the changes together. We consider this is more consistent with the underlying intent of the change process provided in the VTC.

Do not support the proposal for the re-allocation of balancing charges (clause 8.36)

We strongly disagree with the proposal to allocate the unrecovered balancing charges of an insolvent shipper to other shippers. We consider that Vector is the party best able to manage the risk of insolvency through their existing prudential requirements. Further we do not consider that progressing this change within a broader package of changes is an appropriate use of the change request process.

Do not support proposed changes to the provision of information (clause 4.19)

We also do not support the proposed revision to clause 4.19 that imposes on shippers an absolute obligation to provide customer specific information. We are concerned that an absolute obligation will put the shipper in breach of confidentiality clauses in its contract with the customer in some cases.

The MRP Change Request is relevant

We consider that it is important that the views of shippers are fully understood and considered in any consequential changes to the VTC. If the GIC decides to uphold the Vector Change Request, it should give due consideration to the fact that some of the changes included do not have this industry wide support.

We do not agree that the MRP Change Request should be set aside as “a matter between Vector and its shippers”¹. Although there are common elements between the two Change Requests, we are not aware of any shipper support for the Vector Change Request whereas six of the shippers support the MRP Change Request. This is, in our view, relevant to the Vector Change Request as it indicates the industry’s preference for how the issues should be addressed. For these reasons we believe the MRP Change Request should be considered by the GIC in its decision on the Vector Change Request appeal.

We consider that it is also relevant that Vector has not yet provided its decision on the MRP Change Request. This is in breach of its obligations under the VTC to notify participants of a decision within a 15 business day timeframe.² We do not agree that the appeal before the GIC in relation to the Vector Change Request is reason for Vector to delay or withhold its consent to the MRP Change Request as this is not one of the permitted grounds for withholding consent recognised under the VTC.³

Vector’s decision in relation to the MRP Change Request has important implications for the Vector Change Request appeal. If Vector consents to the MRP Change Request then, we consider, it would no longer be necessary for the common elements in both Change Requests to be addressed through an appeal to the GIC.

If you would like to discuss any of these matters further, please contact Roger Johnston on 09 580 4917 or Lizzie Wesley-Smith on 04 495 6357.

Yours sincerely



Lizzie Wesley-Smith

Regulatory Advisor



Jeremy Stevenson-Wright

Regulatory Affairs manager

¹ <http://gasindustry.co.nz/work-programme/vtc-change-request-appeal-14-december-2011-invoicing/overview>

² Section 25.5 (a) Vector Transmission Code

³ Section 25.5 (b) Vector Transmission Code