



**Vector Limited**  
101 Carlton Gore Road  
PO Box 99882, Newmarket  
Auckland, New Zealand  
[www.vector.co.nz](http://www.vector.co.nz)  
Corporate Telephone  
+64-9-978 7788  
Corporate Facsimile  
+64-9-978 7799

Nicole MacFarlane  
Gas Industry Co  
Level 9, State Insurance Tower  
1 Willis Street  
PO Box 10-646  
Wellington

3 May 2007

Dear Nicole

**SUBMISSION ON REVISED PROPOSAL FOR ALLOCATION OF SWITCHING  
AND REGISTRY COSTS**

Vector welcomes Gas Industry Co's (GIC) willingness to consider the views of respondents on the above issue and to review the allocation of switching and registry costs.

Vector is supportive of the GIC's proposal to revise the allocation of switching and registry costs in accordance with the simplicity criterion provided in the revised proposal. Vector agrees that, in this particular instance, this criteria supports the allocation of all costs to retailers based upon their respective number of ICPs. Our detailed response is attached as Appendix. A for your reference.

Thank you for considering this submission. If you have any queries, or require further information, please feel free to contact me in the first instance at [ewan.gebbie@vector.co.nz](mailto:ewan.gebbie@vector.co.nz) or on 04 462 8657.

Kind regards

A handwritten signature in black ink that reads "Ewan Gebbie".

**Ewan Gebbie**

Group Manager Regulatory Performance

## Appendix A: Recommended Format for Submissions

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

Submission prepared by: **Vector Limited, Ewan Gebbie**

(company name and contact)

QUESTION	COMMENT
<p><b>Q1:</b> Do you agree that the cost savings from the registry are likely to accrue in greater proportion to retailers than to distributors and meter owners?</p>	<p>Yes. Vector understands that the proposal to develop a gas registry is designed to assist the achievement of the GPS requirement to minimise barriers to customer switching. By definition, any cost savings will be experienced by retailers and consumers.</p>
<p><b>Q2:</b> Do you agree that transactions costs are likely to be reduced by allocating costs 100% to retailers rather than split between retailers, distributors and meter owners?</p>	<p>Yes. Vector concurs with GIC's view that retrieval of registry costs from numerous sources will lead to additional and unnecessary transactional costs across the industry. Based upon the information provided by GIC, Vector agrees that, in this particular instance, it is appropriate to apply a higher weighting to the simplicity criteria applied solely to retailers based on number of ICPs maximises future efficiency across the industry in regards to switching arrangements.</p>
<p><b>Q3:</b> Do you agree that the electricity registry cost allocation may not provide a useful guide to the cost allocation for the gas registry?</p>	<p>Yes. These industries have developed different processes, frameworks and systems over a longer timeframe that reflects the distinction between electricity and gas as obligatory and discretionary fuels respectively.</p>
<p><b>Q4:</b> Do you support the revised proposal to allocate switching and registry costs, both development and ongoing costs, 100% to retailers with the proportion based on their respective share of ICPs? What are your reasons?</p>	<p>Yes. Vector believes that consumers should be the main beneficiaries of the proposal to develop a central gas registry. As retailers, and not distributors, manage nearly all interfaces with consumers, Vector agrees that they will be most sensitive to the costs and benefits associated with a central registry. Vector also agrees with GIC's statement that distributors have little or no effect on customer switching volumes and that these principally arise from retailer and end user decisions.</p>

**Q5:** If you do not support the proposal, what alternative proposal would you support? What are your reasons?

Vector fully supports this proposal.

Regarding any future implementation of a central registry, Vector would like to actively participate in any Registry Establishment Team and Registry Implementation Team as we believe that our intricate knowledge of the gas sector would assist GIC in achieving the successful and efficient delivery of this workstream.