

Appendix A Recommended Format for Submissions

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

Submission from: Vector Limited, Ewan Gebbie

Question	Comment
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<p><i>Q1: Do submitters have any comments on the rule 41 exemption application DR08-25-S from Vector?</i></p>	<p>Vector supports its application DR08-25-S to extend the exemption time limit for telemetry gates to 30 April 2009 to match that for non-telemetry gates (under DR08-15 TO 18-S). In response to the GIC's analysis of our application, Vector would like to further clarify our position on the issues identified.</p> <p>Cost Recovery</p> <p>The GIC will be aware that tariff increases by gas transmission and distribution companies are now constrained to CPI by the Commerce Act. Vector is facing increases in its existing cost base driven by such factors as CPI and PPI, and does not have a mechanism by which incremental costs (such as this) can be recovered. Accordingly, Vector would like to correct the comment made in the GIC document that the costs faced by Vector may be passed on to participants through Vector's other commercial arrangements. The Commerce Act amendments prevent this pass through. The GIC is obliged to take into account the constraints now placed on pipeline companies via the Commerce Act and Vector looks forward to seeing the GIC deal explicitly with this issue when considering industry issues, and issuing decisions and/or recommendations. For its own part, Vector will be ensuring what existing constrained resources it has are put to the most effective use.</p> <p>In the Issues section relating to this Application the GIC states that "The key issue is whether retailers consider the daily provision of estimated/invalidated injection information under rule 42 (in addition to what is provided under the VTC) is valuable and desirable, despite the additional costs claimed to be incurred by Vector to provide that service. If such additional costs are incurred by Vector, there is also the potential that those costs may be passed on to participants through Vector's other commercial arrangements."</p> <p>Vector strongly submits this is not the issue at all, but that whether retailers consider it worthwhile is merely one input into the cost/benefit analysis that the GIC must run, once participants have had a chance to respond to the Application. Retailers may consider this information to be useful, but this view must be off-set against Vector's clear message that it is not resourced to provide this information, that it cannot recover these costs through existing commercial arrangements (see Commerce Act discussion above).</p> <p>Breach of the Rules</p> <p>Meter failures of the type Vector has previously submitted on are largely beyond Vector's control. Accordingly, the GIC's proposal is completely unsatisfactory. If the exemption is not granted or the Rules are not changed, each time a meter failure occurs and information cannot be published in accordance with the Rules, Vector will be in breach of the Rules. Based on historical information, this will occur often – probably weekly. The GIC is asking that Vector (and its Board) be comfortable with the continued breach of regulations supported by legislation and requires Vector to take on the reputation and financial risk associated with being publicly notified as a continual "breacher" of the Rules and to continuously seek of a favourable decision at the Market Administrator/Investigator/Rulings Panel level for breaches outside its control. Breaches are unacceptable, and should not be condoned by the GIC. Nor should it be acceptable for the GIC to consider establishing rules that will place an industry participant in the impossible position of continuously breaching with no realistic option to resolve its breaching. On-going breaches are likely to impact on Vector's reputation and will have other flow on effects – for example, it is foreseeable that they will impact on Vector's ability to raise funds and/or to gain insurance for its activities, at reasonable rates. The GIC has not stated that these breaches would be considered "not material" and makes reference to the inadvertent nature of a breach being a relevant consideration. Vector has stated previously, and does so again here, that if this exemption is not granted or the Rules are not changed then, through no fault of its own, it will breach the Rules on an on-going basis and will likely pursue other avenues beyond GIC to resolve the issue pragmatically.</p> <p>Vector understands the GIC's desire for certainty. A "best endeavours" or "if practicable" obligation provides the only certainty that is available in these circumstances. It works under contract and could work under the Rules.</p>

Question	Comment
<p><i>Q2: Do submitters have any comments on the rule 42 exemption for nominated direct connect gas gates, application DR08-26-T from Vector?</i></p>	<p>Vector supports its application DR08-26-T to be exempt from supplying unnecessary data to the Allocation Agent. Additionally, Vector would like to address specific issues raised by the GIC.</p> <p>Revisiting a Decision</p> <p>In the Issues section associated with this Application the GIC has asked whether or not there is any justification for revisiting and/or amending a decision of the GIC Board. Vector has provided its comments via the exemption process. Information is provided to the Allocation Agent for specific purposes. This information is not needed under the Rules as a result of the exemption granted to Retailers yet it is suggested that Vector continue to provide it on the off chance that it might be useful at some stage in the future and that Vector continue to subsume the time and costs associated with its provision. To ensure consistency with other GIC decisions in favour of Retailers to avoid “unnecessary costs”, Vector suggests that when there is a need for this information that a case be made for it.</p>
<p><i>Q3: Do submitters have any comments on the application DR08-27-U from Nova seeking exemption from the allocation of gas for “bypass pipeline” gas gates?</i></p>	<p>Vector supports Nova’s application, however, considers that the status of these gates could change to require an allocation in the future and if granted the exemption, the rules/ allocation system needs to allow flexibility for this possibility.</p>