



GAS REGISTRY AND SWITCHING PERFORMANCE AUDIT TRANSGAS

Date of audit: 12-13 February 2025

Report completed: 26 May 2025

Under the Gas (Switching Arrangements) Rules 2008 Gas Industry Company commissioned Langford Consulting to undertake a performance audit of Transgas Ltd. The purpose of the audit is to assess compliance with the rules and the systems and processes put in place to enable compliance.

Auditor Julie Langford

Executive Summary

Under the Gas (Switching Arrangements) Rules 2008 (the rules) Gas Industry Company commissioned Langford Consulting to undertake a performance audit of Transgas Ltd (Transgas).

The purpose of the audit is to:

- assess compliance with the rules
- assess the systems and processes put in place to enable compliance with the rules

The audit was conducted within the terms of reference supplied by GIC and within the guideline note *Guideline note for rules 65 to 75: the commissioning and carrying out of performance audits and event audits, version 3.0* (<http://www.gasindustry.co.nz/dmsdocument/2858>).

The summary of report findings shows that the Transgas control environment, for the fifteen areas evaluated, is “effective” for seven areas and “not relevant” for eight areas.

No alleged breaches are made as a result of this audit.

Summary of report findings

Issue	Section	Control Rating (refer to appendix 1 for definitions)	Compliance Rating	Comments
Participant registration information	3	Effective	Compliant	Registry details were up to date
Obligation to act reasonably	4	Effective	Compliant	No examples of Transgas acting unreasonably were found
Obligation to use registry software competently	5	Effective	Compliant	No examples of Transgas using software incompetently were found
ICP identifier on invoice	6	Not relevant	Not relevant	There are no invoices for the sale of gas between Transgas and the consumers
Use of system agreements	7	Effective	Compliant	Transgas has an agreement with Vector and First Gas
Uplift of READY ICP	8	Not relevant	Not relevant	Transgas had not uplifted any READY ICPs
Maintenance of ICP information in registry	9	Effective	Compliant	In the context of only 5 ICPs the system was considered sufficient
Resolving discrepancies	10	Effective	Compliant	In the context of only 5 ICPs the system was considered sufficient
Initiation of consumer switch/switching notice	11.1	Effective	Compliant	Switches had been initiated on time
Response to a gas switching notice	11.2	Not relevant	Not relevant	There were no instances
Gas acceptance notice	11.3	Not relevant	Not relevant	There were no instances
Gas transfer notice	11.4	Not relevant	Not relevant	There were no instances
Accuracy of switch readings	11.5	Not relevant	Not relevant	There were no instances

Gas switching withdrawal	11.6	Not relevant	Not relevant	There were no instances
Switch reading negotiation	11.7	Not relevant	Not relevant	There were no instances

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1. Introduction

Under the Gas (Switching Arrangements) Rules 2008 (the rules) Gas Industry Company (GIC) commissioned Langford Consulting to undertake a performance audit of Transgas Ltd (Transgas) as retailer. The audit was commissioned under rule 88 and was conducted within terms of reference prepared by GIC.

The engagement was conducted using a series of emails and Teams meetings between 25 November 2024 and 28 February 2025.

The purpose of the audit is to:

- assess compliance with the rules
- assess the systems and processes put in place to enable compliance with the rules

The audit was undertaken in parallel with a performance report under the Gas (Downstream Reconciliation) Rules 2008 which is reported on separately.

In preparing the report, the auditor used the processes set out in the guideline note issued on 1 June 2013: *Guideline note for rules 65 to 75: the commissioning and carrying out of performance audits and event audits, version 3.0* (<http://www.gasindustry.co.nz/dmsdocument/2858>).

2. General Compliance

Transgas is owned by the owners of the ICPs being served, namely Southern Paprika Ltd and Gourmet Paprika Ltd, who each own 50% of Transgas.

The contracts to purchase gas are executed separately by the owners of the ICPs rather than Transgas. Transgas is responsible for shipping the gas from the relevant receipt points to the ICPs as well as the associated regulatory responsibilities, which in turn are outsourced to Energybridge. It was representatives of Energybridge who were therefore the primary contact for this audit.

2.1 Summary of Previous Audit

Transgas started as a retailer registry participant on 9 March 2022 and had not been audited previously.

2.2 Switch Breach Report

There have not been any breaches alleged against Transgas.

2.3 Provision of information to the Auditor (rule 91)

In conducting this audit, the auditor may request any information from Transgas, the industry body and any registry participant. Information was provided by Transgas in a timely manner.

3. Participant registration information (rules 7 and 10)

The participant registration information was reviewed. It had last been updated on 23 March 2023 and was found to be up to date.

4. Obligation to act reasonably (rule 34)

No examples of Transgas acting unreasonably were found.

5. Obligation to use registry software competently (rule 35)

No examples of Transgas using registry software incompetently were found.

6. ICP identifier on invoice (rule 36)

The auditor was shown an example invoice between Transgas Ltd and Southern Paprika Limited, which did not show the ICP number, but this was not an invoice for the supply of gas. It was the invoice for the other related services such as regulatory fees and transmission/distribution costs. The consumer sources their own gas direct from the market.

Rule 36.1 states:

“Every **retailer** must ensure that the relevant **ICP identifier** is printed on any invoice or associated documentation relating to the supply of gas by the **retailer** to a consumer.”

Presumably the intent behind the rule is to make switching processes more transparent and accessible to the customer, to allow them to switch to another retailer should they wish to.

In these unusual circumstances the auditor has judged that, as there is no invoice for the supply of gas by Transgas to the consumer, and no practical need for any invoice, the need for an ICP identifier does not apply. In the absence of any invoice there is no alleged breach in these unique circumstances. The “consumer” is not disadvantaged by the absence of an invoice with an ICP.

7. Use of system agreements (rule 65.2.3)

The rules require that before initiating a switch a retailer must be party to a valid subsisting agreement with the owner of the distribution system to which the consumer installation is connected. Transgas has ICPs on Vector and FirstGas distribution systems.

Transgas has a current Network Connection and Services Agreement with Vector out to September 2025.

Transgas has a letter agreement with First Gas recognising that a new Use of System Agreement is under development and they also have a Network Charges Agreement. The new Use of System Agreement is currently under review with GIC and the intent is that Transgas will sign the new UoSA once GIC review is complete.

8. Uplift of READY ICP (rule 54)

Transgas have not been involved in the uplift of any READY ICP.

9. Maintenance of ICP information in the registry (rules 58 to 61)

Retailers must use “reasonable endeavours” to maintain current and accurate information in the registry (r58) and, if a responsible retailer becomes aware that information is incorrect or requires updating, they must correct or update the information “as soon as practicable” (r61).

The auditor reviewed the registry entries for accuracy. All the Transgas ICPs were ACTC and there had been no status updates since they had been switched to Transgas.

No inaccuracies were found.

10. Resolving discrepancies (rule 62.1)

Due to the minimal number of Transgas ICPs there is no routine process for identifying and resolving discrepancies between the registry and Transgas systems, but this is acceptable in this context. Any changes to the registry are likely to be well known to the team and actioned on an ad hoc basis.

11. Switching

11.1 Initiation of consumer switch / switching notice (rules 65 to 67)

Transgas had initiated 5 GNTs by the time of the audit, all switch type S. They were all initiated on 30 March 2022 with an effective date of 1 April 2022, which complies with rule 67.3. i.e. the GNT was prior to the switch date but within 10 business days of the switch date.

The contract for the provision of transport and other ancillary shipping services by Transgas to the owners of the ICPs has an effective date for the commencement of supply for all ICPs of 1 April 2022.

The contracts to purchase energy are executed separately by the owners of the ICPs. During the audit it was demonstrated that the owners of the ICPs were actively purchasing gas and had been doing so since 1 April 2022. This demonstrated there was a subsisting gas sale and purchase agreement providing access to a supply of gas for the purposes of 65.2.4.

11.2 Response to a gas switching notice (rules 69 to 75)

Transgas hadn't received any GNTs

11.3 Gas acceptance notice (rule 70)

Transgas hadn't initiated any GANs

11.4 Gas transfer notice (rule 72)

Transgas hadn't initiated any GTNs.

11.5 Accuracy of switch readings (rule 74)

Transgas hadn't needed to communicate any switch readings.

11.6 Gas switching withdrawal (rule 74A, 75, 76, 78)

Transgas hadn't been party to any switching withdrawals

11.7 Switch reading negotiation (rule 79, 81)

There were no instances of Transgas being party to a switch reading negotiation.

12. Bypass of distributor (rule 82)

Transgas is not a retailer on a bypass network so they have no responsibility under r82.

13. Breach Allegations

No alleged breaches arise from this audit.

14. Conclusion

The audit shows the Transgas control environment for the fifteen areas evaluated, is “effective” for seven areas and “not relevant” for eight areas.

No breach allegations are made as a result of this audit.

Appendix 1 – Control rating definitions¹

Rating	Definition
Ineffective	<ul style="list-style-type: none"> The design of controls <u>overall is ineffective</u> in addressing key causes and/or consequences. Documentation and/or communication of the controls <u>does not exist</u> (e.g. policies, procedures, etc.). The controls are <u>not in operation</u> or have not yet been implemented.
Needs improvement	<ul style="list-style-type: none"> The design of controls <u>only partially</u> addresses key causes and/or consequences. Documentation and/or communication of the controls (e.g. policies, procedures, etc.) are <u>incomplete, unclear, or inconsistent</u>. The controls are <u>not operating consistently</u> and/or effectively and have not been implemented in full.
Acceptable	<ul style="list-style-type: none"> The design of controls is <u>largely adequate and effective</u> in addressing key causes and/or consequences. The controls (e.g. policies, procedures, etc.) <u>have been formally documented</u> but <u>not proactively communicated</u> to relevant stakeholders. The controls are <u>largely operating in a satisfactory manner</u> and are providing some level of assurance.
Effective	<ul style="list-style-type: none"> The design of controls is <u>adequate and effective</u> in addressing the key causes and/or consequences. The controls (e.g. policies, procedures, etc.) have been <u>formally documented and proactively communicated</u> to relevant stakeholders. The controls overall, are <u>operating effectively</u> so as to manage the risk.

¹ All relevant systems and processes in place

Appendix 2 – Impact rating definitions²

Rating	Definition
Insignificant	<ul style="list-style-type: none"> • A <u>small number of issues</u> with registry file timeliness and/or accuracy. <u>Negligible impact</u> on other participants or consumers. <u>Did not prevent</u> the process completing. • A <u>small number of issues</u> with the accuracy and/or timeliness of files to the Allocation Agent. Corrections <u>were</u> made by the interim allocation. A <u>small number of issues</u> not related to registry or allocation information.
Minor	<ul style="list-style-type: none"> • <u>Some issues</u> with registry file timeliness and/or accuracy. <u>Minor impact</u> on other participants or consumers. <u>Did not prevent</u> the process completing. • <u>Some issues</u> with the accuracy and/or timeliness of files to the Allocation Agent. Corrections <u>were</u> made by the interim allocation. A <u>small number of issues</u> not related to registry or allocation information.
Moderate	<ul style="list-style-type: none"> • A <u>moderate number of issues</u> with registry file timeliness and/or accuracy. <u>Moderate impact</u> on other participants or consumers. <u>Did prevent</u> some processes completing. • A <u>moderate number of issues</u> with the accuracy and/or timeliness of files to the Allocation Agent. Corrections <u>were not</u> made by the interim allocation. A <u>moderate number of issues</u> not related to registry or allocation information.
Major	<ul style="list-style-type: none"> • A <u>significant number of issues</u> with registry file timeliness and/or accuracy. <u>Major impact</u> on other participants or consumers. <u>Did prevent</u> some processes completing. • A <u>significant number of issues</u> with the accuracy and/or timeliness of files to the Allocation Agent. Corrections <u>were not</u> made by the interim allocation. A <u>significant number of issues</u> not related to registry or allocation information.

² These ratings are indicative and will be used as a guide only, to aid the Market Administrator's assessment of alleged breaches.

Appendix 3 – Remedial rating definitions

Rating	Definition
Completed	The alleged breach and impact have been resolved. Systems and processes are now compliant.
In progress	Steps are being taken to resolve the alleged breach and impact and ensure systems and processes are compliant.
No action	Participant undertakes no action to resolve or address auditor controls or impact assessments for commercial reasons.