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Submission on the Proposed Amendments to the Gas (Switching Arrangements) Rules 2008 and Gas (Downstream Reconciliation) Rules 2008

Genesis Energy appreciates the opportunity to comment on the proposed amendments to the Gas (Switching Arrangements) Rules 2008 and the Gas (Downstream Reconciliation) Rules 2008.

Overall, Genesis supports the direction of the proposed reforms. We agree that the gas governance framework should evolve to better reflect modern metering capability, improve allocation accuracy, facilitate timely operational information, and accommodate emerging market arrangements such as distribution injection points.

The proposed amendments represent a significant evolution of the existing arrangements and, subject to the comments below, we support their progression.

We note GIC expects further consultation may be necessary before a final draft of the Rules is provided to MBIE for review and Ministerial approval. Given the breadth of proposed changes, Genesis supports GIC taking sufficient time to ensure the amendments are appropriate.

General comments

Genesis supports the objectives of:

- improving allocation accuracy;
- increasing transparency;
- enabling more timely operational information through D+1 allocation;
- recognising advanced metering capability;
- modernising drafting and terminology; and

- improving consistency across the Switching and Downstream Reconciliation Rules.

We also support the effort to consolidate a number of operational practices that have developed over time into the overall framework.

Given the breadth of the proposed amendments, however, implementation risk should not be underestimated. Many of the changes will require:

- significant retailer system changes and development, particularly to enable daily submissions. Ongoing analysis and monitoring of output would also be needed to test accuracy. These changes would add cost;
- changes to reconciliation processes;
- revised operational procedures; and
- additional testing across industry participants.

Genesis submits that sufficient implementation time, industry testing and transitional arrangements will be essential to minimise market disruption.

Downstream Reconciliation Rules

Support for D+1 allocation

Genesis supports the introduction of D+1 allocation.

Providing retailers with near real-time allocation information should improve:

- portfolio management;
- imbalance visibility;
- operational decision making; and
- reconciliation quality.

However, D+1 outputs should clearly remain at operational-level information rather than settlement-quality data.

We support the distinction between D+1 allocation and existing Initial, Interim and Final allocations.

Invalid D+1 allocations

Genesis supports the concept of invalid D+1 allocations.

However, further clarity is required regarding:

- the criteria that will determine an invalid allocation;
- participant notification;
- expected participant responses; and
- treatment of repeated invalid allocations.

These processes should be objective and automated wherever possible.

D+1 submission deadlines

The proposal relies heavily on industry participants meeting new submission deadlines.

Genesis recommends that GIC ensure:

- submission windows are operationally achievable;
- sufficient resilience exists for weekends and public holidays;
- participants are not exposed to unnecessary compliance risk arising from factors outside their control.

We support consultation on the proposed timing before implementation.

Distribution Injection Points

Genesis supports the inclusion of distribution injection points within the allocation framework.

This reflects current and emerging network arrangements.

However, further guidance would be helpful regarding:

- retailer obligations;
- allocation responsibilities;
- treatment of gas quality;
- operational interfaces between distributors and retailers.

Gas composition

Genesis supports the proposed framework for gas composition data.

The proposed guidelines should seek to:

- minimise participant burden;
- avoid duplication of existing operational data;
- ensure consistency between transmission and distribution systems.

Allocation Groups

Genesis supports the proposed changes recognising advanced meters.

The revised allocation group arrangements better reflect current technology than the existing rules.

However, implementation timeframes for any resulting metering upgrades should remain practical.

Annual UFG Factors

Genesis supports the ability to correct annual UFG factors where material errors have occurred.

Providing a controlled correction mechanism should improve fairness.

However, criteria for when corrections are warranted should remain clearly defined to preserve certainty for market participants.

Switching Arrangements Rules

General support

Genesis supports the proposed modernisation of the registry framework.

Many amendments improve clarity and remove unnecessary ambiguity.

The updated definitions also better reflect current industry practice.

Advanced Metering

Genesis supports recognising advanced meters within the registry framework.

The proposed communicating flag is sensible provided:

- values remain simple;
- reporting requirements are proportionate; and
- future technology changes can be accommodated without requiring further rule amendments.

A 6 month timeframe seems reasonable for the addition of a communicating flag to the GREG, and for MEPs to populate.

Registry validation

Genesis supports stronger validation requirements.

Improving registry data quality benefits:

- retailers;
- distributors;
- meter owners;
- reconciliation processes.

However, validation rules should avoid unnecessary rejection of inputs and transactions where operational outcomes are unaffected.

Switching withdrawals

Genesis supports providing greater procedural clarity for switching withdrawals where:

- consumer rights require it;
- genuine operational errors have occurred.

The proposed framework appropriately balances flexibility with appropriate governance.

Insolvent retailer provisions

Genesis supports strengthening insolvency provisions.

The proposed customer information requirements appear appropriate and should improve industry preparedness.

However, the required reporting formats should be standardised and tested well in advance of implementation.

Implementation

Genesis considers implementation planning will be critical to the success of these reforms.

We encourage GIC to:

- publish implementation guidance early;
- provide sufficient lead time for system development;
- undertake comprehensive industry testing;
- maintain a collaborative implementation working group;
- clearly identify transitional arrangements.

Many of these proposals introduce significant operational change despite appearing relatively straightforward from a drafting perspective.

Conclusion

Genesis supports the overall direction of the proposed amendments.

The package represents a substantial modernisation of the gas governance framework and appropriately recognises developments in metering technology, operational practices and market arrangements.

Our principal focus is ensuring that implementation is practical, proportionate and supported by sufficient transition time and industry testing. Subject to those matters, Genesis supports the progression of the proposed amendments and looks forward to continuing to work with the Gas Industry Company as these reforms are developed.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'J van Staden', written in a cursive style.

Johan van Staden, Risk & Compliance Manager

Genesis Energy Limited