GREYMOUTH GAS

20 July 2026

Andrew Walker
Principal Adviser
Gas Industry Company Limited

Dear Andrew,

Re: Gas Governance draft rule changes – Submission 2: AGMI and D+1

This submission should be read in conjunction with, and subject to, Greymouth's contemporaneous Submission 1. In this Submission 2, Greymouth focuses on a limited number of AGMI and D+1 issues that go to the coherence and ability to implement the proposed framework.

1. AGMI

Greymouth considers the proposed definition of "advanced meter" risks being overly functional and dynamic, which could see ICPs move in and out of scope over time, creating unnecessary complexity, system instability, and ongoing reclassification risk.

2. Retailer

Greymouth is concerned the proposed definition of "retailer" introduces legal and operational uncertainty without a clear articulation of what problem it is intended to solve. While the Recommendation frames the changes as ensuring the rules remain fit for purpose and providing greater certainty to stakeholders, the effect of the revised definition appears to be the opposite. In particular, the definition risks conflicting with, rather than replacing, the Gas Act concept of a retailer (as a party that supplies gas), meaning that even if the new limb is intended to capture a contractual "receipt" concept, a consumer that receives gas will necessarily have an upstream counterparty supplying it. Absent consequential amendments to the Act, more than one party may therefore meet the definition of "retailer" in respect of a single ICP. That outcome gives rise to fundamental issues for switching (which assumes a single identifiable incumbent), is compounded by the use of non-standard and ambiguous language ("receives gas") that does not clearly distinguish between title transfer and physical operation, and does not reflect the reality of increasingly unbundled roles across retailers, shippers and data providers.

It also exposes a structural limitation in the Gas Registry, which is described as the authoritative dataset supporting switching but records only a "responsible retailer" and not actual trading or title relationships. In Greymouth's view, the proposal introduces a broader and less certain concept of "retailer" without aligning the underlying legislative framework, system architecture, or operational processes, creating a material risk of duplication, ambiguity and unintended consequences rather than improving clarity or efficiency. GIC should therefore set out a coherent end-state framework (including any necessary amendments to the Gas Act and redesign of the Gas Registry) before introducing a broader concept that the current legislative and system architecture cannot support – and only where the benefits clearly outweigh the costs.

3. Liability and risk allocation under D+1

Greymouth considers that a legislation-embedded D+1 framework raises material issues in relation to liability and risk allocation. While the rules impose clear obligations on retailers to provide daily consumption data, the associated compliance standard is not defined with precision, and the system itself explicitly contemplates incomplete, estimated, and tolerance-based inputs.

This creates a disconnect between regulatory obligation and financial exposure. Retailers are accountable under the rules for the provision of data, but the underlying inputs are often controlled by third-party service providers (including meter owners and data agents), and the financial consequences of any data issues arise through allocation and balancing outcomes. Those outcomes may be material. This in turn heightens the need for non-business day safety nets across both the rules and the GTC—safety nets that sit outside the rules and are respectively yet to be confirmed, and may not ultimately be adopted into the GTC[1]—depending on the scale of the data issue and prevailing market conditions.

This raises two key matters which have not received adequate attention:

i. Delegation by Rules

Greymouth emphasises the need to calibrate the solution appropriately, particularly in relation to weekend work impacts and safety guardrails. Over-reliance on delegated instruments (including guideline notes) risks weakening governance discipline. The core framework and minimum standards should therefore be set out in the rules, with supporting instruments operating within those parameters to avoid governance risks.

In addition, where delegated arrangements involve third-party agents acting on behalf of multiple competing participants, care must be taken to ensure appropriate confidentiality protections are in place.

ii. Pre-Emptive Estimation Process

The misalignment between obligation, control, and liability highlights the need for participants to have practical mechanisms available to manage data gaps and mitigate exposure within the legislated D+1 framework.

While this approach was not progressed in the workshop discussion, Greymouth would consider adopting a structured pre-emptive estimation approach to manage compliance and commercial risk under D+1. Under such an approach, reasonable daily estimates of

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[1] Greymouth has raised this issue before, noting that where poor-quality midstream data (e.g. from direct-connect gas gates) is combined with accurate-enough downstream data, the resulting allocations can create material balancing risk. While that has historically arisen within larger shipper portfolios, it is likely to become more problematic as market structures evolve (e.g. self-shipping by consumers) unless the rules and GTC adopt safety nets to manage material adverse effects across the end-to-end system.

consumption would be submitted in advance of expected service provider data, with those estimates treated as deemed daily submissions unless and until superseded by actual data.

This does not introduce a new concept into the framework: the D+1 process already relies on estimation, tolerance-based inputs, and subsequent correction of data. However, by allowing participants to submit controlled and transparent estimates, rather than relying solely on model-driven or upstream estimation processes, this approach reduces the risk of distorted allocation outcomes and associated balancing exposures arising from missing or delayed data. In particular, it provides a mechanism for retailers to proactively manage their positions and mitigate the risk of being materially long or short where underlying data inputs are incomplete or unreliable. This is a risk-mitigation mechanism, not a change to underlying allocation principles.

For this approach to operate effectively, allocation agent systems and relevant processes under the GTC would need to recognise pre-emptive estimates as valid daily submissions and accommodate their role within the allocation process. In particular, such estimates should be capable of being treated as deemed or standing inputs for each day, and then automatically overridden by subsequently received actual data from service providers, unless the retailer intervenes to confirm that the estimate should prevail (for example, to address data integrity concerns notwithstanding an apparent meter reading). This is consistent with how estimation and correction already function within D+1 in practice, and does not displace the allocation methodology, but instead provides a controlled and transparent mechanism for managing the data gaps that the framework explicitly acknowledges will occur. In this way, the approach is expected to reduce the likelihood and magnitude of balancing costs associated with data gaps, rather than eliminate them entirely.

In the absence of such an approach, retailers remain reliant on estimation processes they do not control or are exposed to a framework that may not readily accommodate multiple retailer-provided estimates through non-standardised formats and processes. This creates a risk of either material adverse balancing outcomes or system unworkability. The development of Downstream Allocation Working Group (DAWG)-led system couplings to receive and process pre-emptive estimates is therefore a critical implementation deliverable.

4. Interplay with GTC

Greymouth notes a degree of circularity in the proposed implementation approach, whereby a number of downstream rule changes are contingent on corresponding changes to the GTC that are outside GIC's direct control and may or may not occur in a timely manner.

While the proposal contemplates the possibility of setting deadlines, there is a risk that these do not translate into effective implementation if the necessary upstream and cross-code changes are not operationalised in parallel. In that scenario, the framework risks becoming formally "implemented" but practically inoperable. In effect, the proposal risks creating a framework that is legally in force but incapable of functioning as intended. This is particularly concerning given that the remaining window for effective D+1 implementation is narrowing, and the practical complexity of delivering a fully functioning, end-to-end system appears greater than is reflected in the consultation material.

Conclusion

In effect, the proposal risks creating a framework that is legally in force but operationally non-functional.

In that context, for participants who consider the proposed AGMI and/or D+1 framework remains workable and will add material value, there is a clear opportunity to step forward and lead its development through a group such as the DAWG and work with GIC and industry to solve (a) complicated matters such as those raised in this submission, and (b) interdependent system components that remain either incomplete, unspecified, or missing, including key system dependencies (such as GTC changes), core design elements (such as allocation methodology and validation criteria), and supporting frameworks (such as AGMI data standards and allocation group criteria).

Greymouth will remain engaged as required, but its priority is increasingly directed toward broader structural issues for the gas sector—most notably the regulated gas pipeline netback "death spiral" risk—where a policy window has recently re-opened and the implications for consumers are likely to be significant, particularly in the context of the regulatory framework that will follow DPP4.

Yours sincerely

Chris Boxall

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