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4 September 2023

Nova Energy Limited  
PO Box 3141, Wellington 6140

Submissions  
Gas Industry Company

By email: [consultation@gasindustry.co.nz](mailto:consultation@gasindustry.co.nz)

**Re: Consultation paper: Advanced Gas Metering Infrastructure**

Nova Energy (Nova) supports the initiative to review the current and potential regulatory settings to better support advanced gas metering infrastructure (AGMI) currently being rolled out in the New Zealand gas market.

While there are significant benefits expected for retailers from the deployment of AGMI, it is important that consumers also benefit and that regulatory settings ensure that the market can maximise the utility of the advanced meters while also promoting competition.

Nova investigated deployment of AGMI meters in 2021/22 and found that there were significant barriers to market entry which will likely preclude the development of a competitive market for AGMI services without significant changes to regulatory settings. Nova would be happy to meet with GIC to discuss its learnings.

Nova's views on the key issues raised in the consultation document are appended to this letter.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Paul Baker".

Paul Baker

Commercial & Regulatory Manager

P +64 4 901 7338 E [pbaker@novaenergy.co.nz](mailto:pbaker@novaenergy.co.nz)

## Nova submission: Advanced Gas Metering Infrastructure

Issue No.	Topic	Response
1.	Access to, use, and security of consumer data	<p>Nova supports the establishment of guidelines for the provision of consumption data to consumers.</p> <p>The Electricity Industry Participation Code provides a useful template for the guidelines.</p> <p>Where ICP consumption data is to be provided to third parties, i.e. distributors or consultants, there needs to be adequate protection for retailers in terms of their liability for what might otherwise constitute a breach under the Privacy Act 2020.</p> <p>Again, there is a template agreed between retailers and distributors for electricity that covers that, and Nova considers the GIC should adopt a similar template for gas. Data will then be shared so long as the parties are prepared to accept those terms.</p> <p>Retailers' systems are not necessarily set up to download large extracts of ICP consumption data from AGMI, and as such, it may be simpler if the MSP can provide that service subject to the permission of relevant retailers.</p>
2.	Minimum data standards and file formats	<p>Nova supports the development of standardised industry-wide file formats. While there may be no reason to expect standardised file formats need to be made mandatory under new regulations, there is a risk that standards will need to be regulated at some future time if there is widespread inconsistency. That will always be easier if there are existing, well defined formats in common use.</p> <p>The AGMI working group may or may not be the best party to identify the appropriate file standards.</p>
3.	Gas registry and switching process changes.	<p>3.2.1</p> <p>While the current AGMI situation does not appear to require different owners of "advanced" components of a GMS, this approach may become beneficial and more common as the industry looks for cost savings without the additional investment of replacing an entire GMS. It may be necessary to separate the components of a GMS and record the component owners in the future.</p>

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		<p>3.2.2</p> <p>Nova considers the GIC should include a flag in the gas registry to indicate whether the AGMI is communicating.</p> <p>3.2.3</p> <p>Nova considers the switch process should include a notification to the Meter Owner of an AGMI to re-direct meter data to the new retailer following the date of a switch.</p>
4.	Downstream reconciliation and D+1	Nova supports adding a requirement for AGMI data to be incorporated into the D+1 calculation methodology.
5.	Alignment of GMSAs	<p>Nova does not agree that there is no need for standardised Gas Metering Service Agreements (GMSA). The current arrangements place no restrictions on the terms required by AMGI providers and give retailers minimal ability to introduce new third party meter owners to the market.</p> <p>Current GMSA terms make it difficult for new meter owners to enter the market and compete, particularly in the event the incumbent Meter Owner and Distributor are the same entity. Typical GMSA terms preclude a retailer interfering with the GMS of a particular meter owner. These terms in the GMSA effectively stifle competition and reduce the uptake of Gas AMI metering.</p> <p>Similar terms exist in most electricity metering agreements, but the electricity Code allows a retailer to nominate their preferred Meter Provider (taking precedence over the metering agreement / UoSA) thereby promoting competition and increasing the uptake of AMI metering. Nova believes that the GIC have a role in developing rules that promote the competition and uptake of Gas AMI and that regulatory intervention is likely required in this regard.</p>
6.	GMSA payment provisions	Nova does not agree that retailer obligations to pay for metering at disconnected sites are typically suspended until the ICP is reconnected.

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7.	Cost and benefit to consumers	<p>Where a site is vacant there are often ongoing metering costs incurred by retailers, which can be high, as can the costs associated with removing the meter to avoid the fees.</p> <p>This current industry practice is a result of the monopoly position held by distributor MSPs rather than a mutual agreement between retailers and distributors.</p> <p>If meter owners choose to install a meter at a site, then they should be paid for the service so long as that service is used but should not be able to require the retailer to continue paying once a property is vacant and the gas supply turned off. This same issue was addressed by the Electricity Authority when the Default Distributor Agreement was amended to end the perpetual charging of lines rentals on vacant properties.</p>
8.	AGMI Redundancy Risk	<p>No comment</p> <p>While not directly related to GMSA payment provisions, another payment issue relates to the cost of permanent disconnection / decommissioning of ICPs. While disconnections costs are currently typically paid by the consumer requesting the permanent disconnection, there is a risk that these costs could end up being passed to retailers as permanent disconnections become more common in future as more sites transition away from gas. Nova considers that any new regulations should directly contemplate permanent disconnection costs, such that these costs are not simply passed onto the last incumbent retailer at the site.</p> <p>This is a risk that must be assumed by meter owners. There is no formula which retailers can use to quantify all the potential future costs of terminating future gas connections, given they cannot be sure of which customers they will have in future or when those customers will stop taking gas.</p> <p>If retailers are going to face increased metering costs to reflect redundancy risks and/or be left with the decommissioning / permanent disconnection costs, then there may come the point in time where the logical step will be for retailers to stop accepting new customers when the expected future costs exceed the payback, i.e. resulting in</p>

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9.	Advanced meter displacement	<p>a rapid withdrawal by retailers in order to reduce their residual liability despite a continuing demand from customers.</p> <p>In the converse, if the meter owner has the risk, then retailers will continue to compete for business and retain customers for as long as they can do so profitably.</p> <p>We disagree with GIC’s statement that “<i>there is no regulation in the gas markets that prevents one MSP’s metering installation being displaced by another MSP’s metering installation at an ICP</i>”.</p> <p>Section 15 of the Gas (Safety and Measurement) Regulations 2010 states:</p> <p style="padding-left: 40px;"><i>A person must not damage or interfere with, or move or attempt to move, any of the fittings of a distribution system or gas measurement system, whether or not the fittings have been damaged, unless—</i></p> <p style="padding-left: 40px;"><i>(a) the person obtains permission from the owner or operator of the fittings; or</i></p> <p style="padding-left: 40px;"><i>(b) the person is authorised by an enactment; or</i></p> <p style="padding-left: 40px;"><i>(c) an emergency requires it.</i></p> <p>This was a key issue identified during investigating deployment of AGMI meters.</p> <ul style="list-style-type: none"> <li>• incumbent MSPs were extremely reluctant to permit displacement of their meters by an incoming MSP; and</li> <li>• where displacement was permitted, incumbent MSPs would require that only contractors approved by the incumbent could conduct the removal and an additional meter removal fee would be payable.</li> </ul> <p>Therefore, incumbent MSPs are effectively in a position to unilaterally permit or reject displacement of meters by new market entrants or existing MSP competitors, which is a key barrier to competition in AGMI markets. Refer also comments at item 5 above.</p>

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10.	GMS Ownership and Standard	Nova believes the current regulatory environment does not support competition in the gas metering area. Current incumbent Meter Owners and Distributors are using their monopoly position block metering competitors from entering the market and regulation is required. See items 5 and 9 above.
11.	Advanced Metering consumer education	No comment
12.	Market competition	Note comments under 5 & 10 above.
13.	Preferred supplier provisions in legacy GSMAs	Note comments under 5 & 10 above.
14.	Remote disconnections and reconnections	Nova supports the GIC view.
15.	Multiple trading relationships	No comment
16.	Critical Contingency Regulations	No comment