

minutes

Subject Retail Gas Governance Forum

When Wednesday 15 April 2009 at 9:30 am

Where Gas Industry Co

Today's date 28 April 2009

Present Rae Hughes, AMS
Bas Walker, Aspen Consulting
Colin Leslie, Auckland Gas
Campbell Wilson, Contact
Martyn Hammond, Contact
Debbie Anderson, Energy Direct NZ
Tara Gannon, Energy Direct NZ
Andrew Walker, Gas Industry Co
Ian Dempster, Gas Industry Co
Tristan Meo, Gas Industry Co
Andrew Maseyk, Genesis
Chrissy Burrows, Mighty River Power (by phone)
Greg Lockton, Mighty River Power (by phone)
Kasey Nga Chok, Mighty River Power (by phone)
Charles Teichert, Nova
Sue Simons, Powerco
Phillip Beardmore, Strata
Bob Sheppard, Vector
Mark Frankham, Vector

1. Purpose and meeting format

General agreement on terms of reference for RGGF as per draft circulated. Suggested that as a retailer forum it can also cover any other issues common to retailers which are put forward for the agenda.

Participation in the forum can be defined by prevailing issues and items on the agenda. The mailing list for the group will be maintained by Gas Industry Co, any additions/amendments can be emailed to Andrew Walker (andrew.walker@gasindustry.co.nz).

2. Downstream reconciliation

2.1 Review of experience to date

It was noted that the rules have generally operated as intended requiring only minor deviations via exemptions. Some tidying up will be carried out by adopting exemptions as rule changes.

The allocation system has been working well so far with only 4-5 changes at a low cost. Up to now M-Co has been closely monitored by GIC and allocation results have been analysed each month. It is now the intention to keep more of a distance but check periodically on allocations.

A new report, GAR170, which will provide GIC with an overview of monthly results, should be in place by the next allocation.

The allocation agent is currently in the process of determining the AUFG factor for the second transitional year, with the help of Tom Tetenburg. A draft determination should be issued by late May.

2.2 Exemption applications

- *Rule 41/42* – Awaiting last couple of submissions, would be good to get a decision before 30 April 2009 when the current exemption expires.
- *Alternative allocation of ongoing fees* – It was noted that the exemptions shouldn't be used to change rules. It was suggested that all costs could be parcelled up under the levy (as is done with the EC) but the Gas Act only provides for funding of GIC on a yearly basis and service provider agreements necessitated by rules and regulations are for longer terms so require independent funding to mitigate risk.
- *Global 1-month methodology (G1M)* – Noted that this will not solve the problem of negative profile values – it would have to be combined with zero floor and scaling (as per electricity). It was also questioned whether AUFG methodology is the main contributing factor to high UFG and suggested that the cause could just as likely be calibration errors etc. There was some concern that to apply this methodology via an exemption, to a quarter or a third of all gas gates, may seem like a significant departure from current policy. It was recognised that a short term and long term solution is

required and policy change can only occur in the medium to long term. Will have to wait and see what the submissions say.

It was also noted that to incorporate G1M into the allocation system it would require a separate allocation process for G1M and non-G1M gas gates; the cost would be around \$15-20,000 to make this change. This raises a policy/legal question as to whether such a change could be made on the basis of an exemption or whether it should wait for a major review/rule change. Another issue raised was how G1M status would be decided, e.g. through an application process, or according to fulfilment of certain criteria.

2.3 Short term rule changes

GIC has put together a draft register of potential rule changes for review by the industry. The proposed rule changes fall into two categories – minor amendments which could be introduced in an initial rule change package in 2009, and more significant policy changes (such as G1M) which will be considered in the next general review in 2010. The first category includes codification of certain arrangements existing under current exemptions ('bedding down the status quo'). It was proposed that such changes will be put out as a statement of proposal relatively quickly with the hope of getting the changes through by the start of the next gas year.

It was requested that participants review the list and provide feedback, particularly if there are other potential changes or opinions on the categorisation of the changes. It was noted that the government is unlikely to put through rule changes this year unless they are relatively uncontroversial.

2.4 Event audits

It was noted that event audits will be kept on hold for now until further allocation results have been produced and more analysis has been done on UFG. There is also a need to develop some policy and process work around auditing as the guidelines are at quite a high level.

Some participants favoured waiting until we have a set of figures for 12 months in order to look at seasonal change in UFG. It was suggested that Hastings would be near the top of the list for audit. Informal auditing was discussed but it was noted from past experience that without the power of rules things don't get very far.

Nevertheless, Powerco and Contact are willing to have another look at informal auditing and report back in July. Hawkes Bay could be a possible location for such.

2.5 TOU estimates

Noted that the draft guidelines are out for consultation

3. Switching & registry

3.1 Statistics & first month of operation

Request that future monthly registry reports include numbers as well as graphs

Request for ability to turn off notifications if you aren't party to a switch. If you are both a responsible retailer and meter owner then you don't need the extra, duplicate information. The cost of this is being investigated by Jade otherwise there may be a manual work around.

3.2 Use of requested switch dates in GNT

This was discussed before go-live and there was a general industry agreement that requested switch dates would not be entered in the gas switching notice for standard switches. This is apparently in line with practice in the electricity market and the previous switching arrangements for gas, using the billing date as the switch date wherever possible. It was noted that the functionality to deal with requested switch dates was not built into everyone's systems so where they are included this involves a manual work around for some participants.

Problems noted with using requested switch date are that it will lead to more estimated switch readings, more switch withdrawal requests, more emails flying round and hence less automation.

Noted that part of the problem hinges on the interpretation of the rules (72.2.2 in particular); there will be a determination on this in due course. Also noted that reporting the misuse of 72.2.2 relies on manual alleging of breaches as the registry cannot set a breach timer on this.

3.3 Issuing and rejecting withdrawal requests

It was noted that currently the registry allows more than one switch withdrawal request which is counter to rule 78.5. If a withdrawal request is rejected and a GAN or GTN hasn't been issued then the options cycle back to the original three (GAN, GTN, GNW). If a GAN was sent before the rejected GNW the options resort to GTN or GNW.

Noted that there are some interpretation issues around breach timers which may require further discussion and guidance material from Gas Industry Co.

3.4 Breach timers

A few issues were raised to do with breach timers which Gas Industry Co will follow up with Jade. Suggested that this area was perhaps not as rigorously tested during UAT.

- NTD breaches are pinging the wrong party ('other' participant instead of 'defaulting' participant).
- Also an apparent issue with NTDs around counting 7 business days.

- Downloading breaches from online interface results in only the first 100 breaches being downloaded (appears to be an error from screen displaying 100 breaches at a time)
[this was queried with Jade who explained that it would be costly to amend the system to be able to download the full list. GIC considers the cost is not warranted as the full report is available via FTP]

3.5 Nova bypass exemption

The decision on the exemption of Nova's bypass networks from rule 41 will be going to the GIC board sub-committee in May.

3.6 Other issues

- *Registry access requests* – General assent to providing EGCC with viewer access to registry. Access request by Energy Select also raised. General view that access shouldn't be granted as they are not representing customers with issues and besides no customer/consumption information is on the registry. With consent they are entitled to approach retailers etc. for consumer information but they shouldn't be given general access to the registry. Consensus that access should only be given to statutory authorities such as the police.
- *Meter owner information* – Noted that meter owners can only input information after an ICP has been uplifted by the retailer. This does not reflect what is often the case in practice, e.g. where a meter owner installs the meter when a building is built, before a contract with a retailer and consumer exists. It may therefore be useful for meter owners to be able to input information without retailer uplift. Depending on industry support this could be a possible rule change.
- *Change register for switching and registry* – Question of whether there will be a record of change requests kept as per downstream reconciliation. GIC confirmed there will eventually be one on the website, but for now an informal list will be kept if anybody wants to send in requests.
- *Reporting of alleged breaches* – Some concerns raised over how compliance breaches will be reported. Noted that alleging a separate compliance breach with a separate email for every breach reported by the registry would be ridiculous. Requested that they be consolidated somehow. Questioned whether non-material breaches will be reported. Noted that EC monitors breaches of electricity registry and only notifies when there is a substantial change in numbers. This will be reviewed by Gas Industry Co but for now breaches will be reported as required by the compliance regulations.

4. Consumer issues

4.1 Consumer issues paper

A short recap was given on progress. Consultation on the discussion paper closed late last year. Submissions analysis was put to February board meeting. On hold at the moment.

4.2 Complaints resolution scheme

A short recap was given on progress. A consultation paper was issued by the electricity commission for an approved scheme (with the Electricity and Gas Complaints Commission fulfilling such a role). There were reservations over the governance structure of EGCC, which it was suggested could be addressed through a constitution change. This was rejected by members. Letter and evaluation report is up on EC website and deadline for submissions has been extended in light of the new information. It was noted that there may be a need to revisit the evaluation to see if we get the same or different results. GIC is interested in hearing industry views on whether new information makes a difference.

5. Frequency and dates of future meetings

Mid-July (second or third week) was suggested for next meeting. It was requested that any potential agenda items be provided to Gas Industry Co.

One such item was a request for an update on the file formats working group.