

14 June 2017

Pamela Caird
Gas Industry Company
PO Box 1473
WELLINGTON

Sent via GIC website

Dear Pamela

Gas metering review

First Gas welcomes the opportunity to make a submission to the Gas Industry Company (GIC) on its two consultation papers on gas metering issues dated 1 March 2017:

- Review of metering service provider arrangements;
- Review of advanced metering technology.

We consider that the papers prepared by Rod Crone Consulting provide a good overview of the gas metering market and outline the current opportunities and challenges regarding advanced metering.

Need for further work in targeted areas

The consultation papers signal that the gas metering market is not subject to normal competitive disciplines and that some form of regulation or government oversight would be in consumer interests. While the papers present some recommendations for improvement, we note that the papers do not go as far as identifying tangible actions where the GIC could add value to the operation of the gas metering market.

First Gas would support the GIC pursuing action in the following areas:

1. **Establishment of minimum data formats:** We support the recommendation¹ that GIC should commence discussions with the sector on what minimum services and/or data should be made available to retailers from advanced meters. We would support the establishment of a sector group to prepare an agreed “data protocol” for advanced meters, that could be reviewed regularly as advanced meters are rolled out in the gas market. This would allow competition in the metering market, without the need for participants to have to build billing systems that can handle multiple formats; and
2. **Publication of network service agreements:** First Gas is concerned that there is a lack of transparency around gas metering service agreements (GSMAs), and notes that information on the Vector AMS agreements was redacted from the consultation paper.² Greater transparency of GSMAs would enable a more level playing field for retailers, reduce information asymmetry between participants, and enable a move to more consistent and up to date agreements. We would encourage the GIC to set a timeframe for all GSMAs and network use of system agreements to be published (i.e. within two years). First Gas notes

¹ Page 4, *Gas metering review: Review of advanced metering technology*, Rod Crone consulting, 1 March 2017.

² Page 13 – 16, *Gas metering review: Review of metering service provider arrangements*, Rod Crone Consulting, 1 March 2017.

that while it does not have a current UoSA publicly available, this is priority for the business in the coming two years.

3. **Encouragement of the deployment of advanced meters in the gas market**, so consumers can access the benefits possible from this technology (as is being experienced in the electricity market);
4. **Ensuring that participants have a choice in metering provider**, i.e. that networks should not bundle services, rather provide a choice. However, parties should be able to continue to be both a gas network provider and a metering provider, due to the benefits identified from this model;
5. A **recommendation from the GIC to Commerce Commission** that that they monitor the profitability of metering to inform consumers, based on the findings of these papers and the Commerce Commission's preliminary assessment of the gas metering market.³ It is important that the GIC and Commission continue to liaise on this work, to avoid any duplicate of effort; and
6. **Application of metering requirements across all gas networks** (reticulated and LPG), to ensure a consistent approach to the benefit of consumers.

Next steps

As the GIC review submissions on these consultation papers, we recommend that it identify areas where the GIC could intervene or further investigate, and what benefits these actions would have for the sector. The GIC should also conversely note areas where no further action is required (beyond simply a "watching brief"). It is important that the GIC focus its (and the industry's) resources on issues where net benefits can be achieved, and resources are prioritised to the work streams of highest importance.

If you have any questions regarding this submission, please contact me on 04 460 2548 or via email at karen.collins@firstgas.co.nz.

Yours sincerely



Karen Collins
Regulatory Manager

³ Gas metering preliminary assessment, Commerce Commission, <http://www.comcom.govt.nz/regulated-industries/part-4-inquiries/previous-inquiries-and-preliminary-assessments/gas-metering-preliminary-assessment/>