



14 June 2017

Gas Industry Company
PO Box 10646
WELLINGTON

PO Box 17188
Greenlane
Auckland 1546
New Zealand

Genesis Energy Limited

Gas Metering Review

Genesis Energy Limited (“Genesis Energy”) welcomes the opportunity to provide a submission to the Gas Industry Company (“GIC”) on the *Gas Metering Review*, including the reports “Review of metering service provider arrangements” (“Metering services paper”) and “Review of advanced metering technology” (“Advanced metering paper”).

Genesis Energy supports the GIC reviewing gas metering arrangements at this time and is pleased to see this work has been driven by stakeholder feedback. We also appreciate that independent advice has been sought from Rod Crone Consulting.

The Advanced metering paper recommends the GIC commence discussions with meter owners and retailers as to contractual, service and registry provisions that may be necessary for the advent of gas advanced metering (“AMI”). We strongly support this and look forward to working constructively with the GIC on this important matter.

Genesis Energy is of the view that the sooner conversations are initiated about the future of gas AMI – and/or any technologies that may be offered in the gas sector in the future - the better prepared the sector can be to make the most of opportunities that arise and pre-empt any potential issues for the benefit of gas consumers.

In our submission, we draw on our experience gained with AMI in the electricity sector, which we think is a helpful foil for discussions regarding the *Gas Metering Review*. We note, in particular, the Privacy Commissioner’s recent open letter, *Public statement about the bulk disclosure of smart meter data*, on the need to ensure that consumer data, how it is handled and for what purpose, is managed carefully. We suggest that this advice should form the basis of consideration for gas AMI discussion.

Please find our responses to consultation questions included as Appendix A. If you would like to discuss any of these matters further, please contact me at margie.mccrone@genesisenergy.co.nz or on 09 951 9272.

Yours sincerely

A handwritten signature in black ink, appearing to read "Margie McCrone".

Margie McCrone
Regulatory Advisor

Appendix A: Responses to Consultation Questions

QUESTION	COMMENT
<p>Q1: Do you agree with this assessment? Why or why not?</p>	<p>Genesis Energy considers that the prevalence of network owner gas metering services, rather than retailer owned metering, is due to what we would refer to as historic apathy rather than any conscious decision on the part of retailers.</p> <p>This is because – at least until recently – there has been no discernible difference between the services provided by different gas metering providers, and consequently no driver for change. New connection processes have then become embedded over time, continuing the dominance of network owner gas metering services.</p> <p>However, Genesis Energy is leading significant change at a consumer level in this area and gas AMI has the potential to provide an opportunity to facilitate components of that change e.g. differentiated services for the benefit of consumers.</p>
<p>Q2: Do you have experience with preferred supplier provisions in the GMSA? If so, what effect do you think it has on the market for metering services? Are there any other comments you wish to make about these provisions?</p>	<p>Genesis Energy does not have any experience with preferred supplier or first right of refusal terms in gas distribution agreements or gas metering services agreements.</p> <p>We do however experience these in the electricity sector, and draw on this experience for our response.</p> <p>The Metering services paper appears to have missed an important distinction that should be made – a metering services agreement is for services off the meter, not the meter itself.</p> <p>In the world of AMI (be that electricity or gas) this distinction is important as the differentiation between suppliers is often linked to the services they are able to deliver rather than the capability of the hardware. For example, while all AMI can measure half hour intervals and offer a daily read, they may be competitive as to the extent of data available, timing of data provision, and</p>

	<p>method of disclosure.</p> <p>Genesis Energy is of the view preferred supplier provisions should be subject to both parties agreeing their inclusion. This is to avoid network owners using their monopoly power to drive preferred supplier clauses into gas metering services agreements.</p>
<p>Q3: Do you have any observations or comments to make about new connections service request processes? Are they fair, or do they unduly favour certain meter owners?</p>	<p>Due to the lack of distinction between gas meter services up to now, operational efficiency has tended to win out, resulting in the network owner typically being the meter installer for new connections. We believe this 'nesting' of services is a contributing factor in the slow rollout of gas AMI.</p>
<p>Q4: Do you agree that a model GMSA and benchmark terms are not required? Why or why not?</p>	<p>A model gas metering services agreement or benchmark for service provision could be worthwhile exploring for gas AMI.</p> <p>Again drawing on our experience in the electricity sector, Genesis Energy believes a mistake made ahead of rolling out AMI was a lack of minimum standards required for every meter. This has resulted in poor customer experience for some customers who have been unable to take advantage of a full suite of AMI services despite having AMI infrastructure installed.</p> <p>Pre-empting the need for a model agreement and/or minimum standards ahead of any mass uptake of gas AMI may therefore be wise.</p>
<p>Q5: Given that the template GMSAs for the two largest providers are already broadly aligned, do you consider it likely that a similar outcome will be achieved for GSMA's for advanced metering services? If that outcome were not achieved, what issues would arise for you and would these be significant in terms of cost or efficiency?</p>	<p>As per our response to Q2 above, we consider there needs to be a distinction drawn between the physical meter and the services it offers.</p> <p>For this reason, we suggest alignment may be favourable on some aspects e.g. responsibility of certification and access to data; but not on others e.g. data services (with the exception of consistent minimum delivery standards).</p> <p>Again, this is because differentiation in data services will relate directly to differentiation in customer offerings, and it is crucial retailers are able to pursue the service provider that is best able to meet its customers' needs.</p>
<p>Q6: Why do you think retailers may not be amendable to moving</p>	<p>Genesis Energy does not agree this is the case and recommends clear delineation between distribution,</p>

<p>to separate network and metering services agreements?</p>	<p>metering and data services in agreements.</p> <p>A party might wish to provide some or all of these services, but there should be no requirement for retailers to accept these bundled services.</p>
<p>Q7: What is required to incentivise a move to signed, separate network and metering services agreements and what is the best path to achieving that? Alternatively, is this a matter best left to the parties themselves?</p>	<p>In principle, where retailers are unconcerned with providing after meter services and products, a combined gas metering service and distribution agreement may be preferred, and this should be left to the parties to agree themselves.</p> <p>However, issues could arise if a gas distribution company that provides metering services wants consistent metering service contracts across all retailers on its network and uses its monopoly position to enforce this.</p> <p>We are of the view that if distribution companies are unwilling to enter into individual agreements then regulation may be required to ensure innovative product offerings are not stymied.</p>
<p>Q8: Do you have any views on these issues? Are they issues the Gas Industry Co should advance, and if so, what do you suggest?</p>	<p>Genesis Energy sees little value in including the meter make and model in the registry – if the purpose of this would be to understand load size, then load size itself should be entered into the registry.</p> <p>In regards to noting the ICP number on meters, we would see this as useful but not worth the cost of visiting a site simply to add an ICP number. If a site visit were required for some other reason, an ICP number could be added at that time.</p>
<p>Q9: Are there any other comments or feedback you would like to provide in relation to metering services agreements?</p>	<p>Generally speaking, Genesis Energy would like to see the nature of these agreements moving in line with those in the electricity space; that is, they are considered to be less of a long-term lease over an asset and more of a fee for services supplied at a meter point. This is important in an AMI world where meters are multi-function unlike their legacy predecessors.</p>
<p>Q10: Do you have any comments or observations about the state of the advanced gas metering market?</p>	<p>While progress has been slow to-date on gas AMI solutions, driven by relatively high costs and few perceived benefits, our experience in the electricity sector leads us to consider opportunities for more innovation will move to the front from here-on-in.</p>

	<p>This means it is vital to have constructive conversations now on how to best prepare for the opportunities and challenges presented by AMI technology; and in fact, any technology solutions that might arise in the future.</p>
<p>Q11: Do you agree with this assessment?</p>	<p>Genesis Energy considers that in the information exchange, the file format is less important than the content.</p> <p>Drawing on our experience in the electricity sector, one of the early mistakes was too much focus on specific file formats e.g. ‘files must be of X type’ where it would better have been spent on establishing a minimum dataset that each meter and meter owner would supply.</p> <p>The consequence of this is the potential for misalignments e.g. one meter service provider had a disconnect between interval data and the meter register, which rendered the interval data useless for many functions.</p>
<p>Q12: Should Gas Industry Co request that the File Formats Working Group develop a standard construct for advanced metering services and a minimum dataset (and provide assistance to reconstitute the group to include meter owners)?</p>	<p>Genesis Energy agrees the File Formats Working Group would be well placed to develop a standard construct, provided they were directed to leave things such as file type e.g. csv versus xml or json files to the discretion of parties in any agreement.</p> <p>We also consider there should be a minimum dataset for delivery developed that every meter owner must supply irrespective of any additional service or dataset they may offer as a differentiator from competitors.</p>
<p>Q13: Do you agree with this assessment?</p>	<p>Genesis Energy encourages the development of rules that clearly define who can access data from a meter, and the purposes for which they can do so.</p> <p>Our experience in the electricity sector has shown that AMI has the potential to provide unprecedented insight into consumer consumption; offering opportunities to develop customised energy management tools and for different parties to compete to meet consumer energy needs.</p> <p>While this competition has the potential to benefit customers, consumers must be able to trust their data is not being used for purposes it has not permitted. On this topic, the Privacy Commissioner recently wrote an</p>

	<p>open letter to electricity sector participants (as referenced in the cover letter) reminding them of their obligations in respect of customer data collected by AMI.</p> <p>This serves as a good prompt for the gas sector as it imagines a future with gas AMI, and putting in the work now to understand how a customer's data is handled and how that data may be used is important.</p> <p>While a customer ultimately owns their own data, how that data has been analysed or packaged in a particular way and how data access should be protected within various contracts (including between retailers and consumers, as well as retailers and gas meter providers) should form the basis of any AMI discussion. This becomes more and more important when you consider the various third parties that may wish to access meter data to deliver innovation; they should only be able to do so with the express permission of customers.</p>
<p>Q14: Do you consider that there are registry-related issues that still need to be addressed to support the deployment of advanced gas meters? If so, please describe the issues that arise and how changes to the registry could resolve them.</p>	<p>Genesis Energy understands that all data points that are needed to correctly identify AMI sites are contained on the registry already, therefore a separate AMI owner file would appear to be unnecessary: in the mass market, the AMI would be the only meter installed, so would be one and the same as the responsible meter owner on record.</p> <p>A useful file may be at what interval - e.g. half-hourly, hourly or daily - a meter is currently configured to record data at.</p> <p>We recommend the definition of 'advanced meter' should be amended to read:</p> <p><i>"...(a) that records register readings or gas consumption at determined time intervals, and has a communication device that allows meter data to be collected remotely..."</i></p> <p>This definition makes it clear that interval recording and remote collection both need to be present for a meter to be deemed advanced. For example, as per this definition, a meter that could be read in time intervals</p>

	<p>but could not communicate due to a cellular black spot would not be considered an AMI.</p> <p>We consider the allocation group distinction should remain because this allows the identification of AMI and commercial and industrial (“C&I”) metering, the latter of which was traditionally called time of use (“TOU”) metering. The term TOU should now apply to meter capability rather than ICP classification; both advanced and C&I metering are TOU.</p>
<p>Q15: Are there any other comments you would like to make about the Advanced Metering Paper – or about advanced metering in general?</p>	<p>Genesis Energy provides some specific comments on the Advanced metering paper as follows:</p> <ul style="list-style-type: none"> • Paragraph 11: Disconnections and reconnections may operate on ‘push technology’ rather than waiting for the next scheduled server contact. This is an example of where service offerings may differ between providers. Referring back to our answer in Q12, the minimum service required could be the ability to disconnect/reconnect remotely, and the added value service could be the ability to reconnect remotely within a certain timeframe. • Paragraph 15: The separation of physical metering and services supplied means that there should not be an issue when some meters on a network are legacy and some advanced. In this instance, where an ICP has an AMI but the retailer does not offer any products that require advanced services, the retailer would not need to uptake the advanced services and would pay accordingly. • Paragraph 26: Lowered consumption was not realistically part of the cost-benefit analysis for AMI in and of itself. Rather, a price offering against interval data that makes it beneficial to reduce or shift consumption would be required. • Paragraph 27 (d)(i): The nature of gas usage e.g. heating and cooking, and pricing i.e. no demand pricing, means that load shifting cannot realistically be an expected outcome of AMI. • Paragraph 27 (d)(iv): It is important not to underestimate the significance of networks being able to make extensive use of advanced meter data for network operation and pricing determination. While these opportunities may

	<p>not yet be clear, it is important to anticipate them now, and ensure that network owners are not using their monopoly position to leverage AMI to create an unfair advantage in emerging competitive services and/or technologies. There should be a level playing field whereby parties can compete on any given network to offer the best customer solutions.</p> <ul style="list-style-type: none"> • Paragraph 35 (b)(iii): Our experience in the electricity sector has been that metering service fees tend to increase to reflect newer equipment and additional services but that these increases may be offset by corresponding decreases in replaced services such as meter reading or 'truck-roll' disconnections/reconnections.
<p>Q16: Are there any issues in relation to gas metering-related consumer complaints that you wish to raise?</p>	<p>Genesis Energy considers that, based on experience with the electricity sector, complaints around meter reading (e.g. inaccessibility) will decrease, as will complaints around faulty meters.</p> <p>However a new class of complaints may emerge e.g. issues with communication device, and some complaints will continue as with legacy meters e.g. high bills, meter tampering.</p>