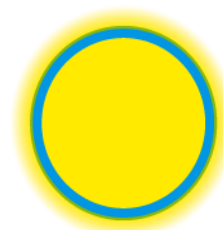


14 June 2017

Pamela Caird
Gas Industry Company
PO Box 10 646
Wellington

POWERCO



Dear Pamela

Gas metering review

This is Powerco Limited's submission on the Gas Industry Company's (GIC's) gas metering review. Powerco is a distributor and meter owner and we support the GIC's review of metering services.

Gas remains an important fuel alternative in the regions we supply, with new connections continuing to grow. Powerco faces strong incentives to provide a positive experience because customers can leave our network. End users don't distinguish between the network and meter when connecting with and using gas, so it's important their experience and perception remains positive. This dynamic sets the context for the metering market and the consultation papers:

- *Advanced metering technology.* Penetration of advanced gas meters will increase in New Zealand as and when there is demand for them. We think the industry faces the commercial incentives to respond in an efficient manner.
- *Existing metering arrangements.* We have not pursued the supply of metering services on other networks for cost and customer experience reasons. Managing the meters on our network minimises the disruption to new and existing users and captures efficiencies of coordination that come from operating and maintaining both. We think this is a good outcome for consumers.

If you have any questions about this submission, please contact Andrew Kerr
Andrew.Kerr@Powerco.co.nz.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Stuart Dickson', with a stylized flourish at the end.

Stuart Dickson
General Manager - Gas

QUESTION	COMMENT
Q1: Do you agree with this assessment? Why or why not?	<p>We agree with the assessment.</p> <ul style="list-style-type: none"> • Cost-effectiveness. A large scale rollout would be required to cover the setup costs effective to operate and maintain a meters on another network. Related costs at connection and interruptions. For example, with a separate network and meter owner, two call-outs are potentially required. • Customer experience. The customer does not differentiate between the connection and the meter. They want an easy process that is unique to their circumstances/property eg coordinating meter position between consumer, network owner and meter owner. <p>A useful comparison is the Chorus install process for fibre. This involves installing the fibre to the home <i>and</i> the optical network terminal, minimising disruption to the consumer.</p>
Q2: Do you have experience with preferred supplier provisions in a 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>Our existing agreements do not have preferred supplier provisions. We are considering introducing them in future agreements. One reason for this is it could reflect the joint investment we make with retailers to encourage new and maintain existing gas connections.</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>Retailers have choice over the meter provider on the Powerco network. This choice can reflect their commercial drivers, including customer experience and connection costs.</p>
Q4: Do you agree that a model GMSA and benchmark terms are not required? Why or why not?	<p>We agree a model GMSA and benchmark terms is not required at this time given the alignment of terms. These contracts can evolve if metering requirements change.</p>

QUESTION	COMMENT
<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 GMSAs 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>We expect commercial factors will drive the terms for GMSAs. Experience to date suggests a similar outcome would result. Where possible we use standard clauses as it ensures a simple and fast process.</p>
<p>Q6: Why do you think retailers may not be amenable to moving to separate network and metering services agreements?</p>	<p>Retailers are best placed to answer this question.</p> <p>From our recent Gas Use of Network Agreements experience, the time and effort that retailers place on reviewing and moving to a new agreement can vary greatly.</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>It is in the interests of retailers, network owners, and meter owners that signed agreements are in place. We support an industry-led approach to this issue in tandem with progress monitoring by the GIC. If progress is insufficient, we support the GIC considering additional steps to facilitate a smooth transition to signed agreements.</p>
<p>Q8: Do you have any views on these issues? Are they issues that Gas Industry Co should advance, and if so, what do you suggest?</p>	<p>We support changes to registry if the benefits outweigh the costs and does not breach commercial sensitivity. The suggestions from participants need further scoping. For example, it isn't clear to us how additional meter information would improve retailer operations.</p>
<p>Q9: Are there any other comments or feedback you would like to provide in relation to metering services agreements?</p>	<p>We have no additional feedback at this stage.</p>

QUESTION	COMMENT
Q10: Do you have any comments or observations about the state of the advanced gas metering market?	<p>Demand. The strongest demand for advanced meters is likely commercial market due to the D+1 allocation process.</p> <p>Technology. We have trialled advanced meters and remain uncertain about the “right” technology solution. Committing now would increase costs with no obvious benefit to consumers.</p> <p>Supply. The Commerce Commission completed a preliminary assessment of the gas metering market in 2016. They remained concerned about the level of competition and decided to monitor pricing. We are not aware of any complaints about the price of our metering service or any factors limiting the entry of metering providers.</p>
Q11: Do you agree with this assessment?	<p>We agree and support initiatives to improve market arrangements and data accuracy where the costs outweigh the benefits. We support the GIC providing independent guidance.</p> <p>FFWG membership needs to be tailored to this topic and include gas distributors.</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)?	Yes. The group should scope the issue and assess the costs and benefits.
Q13: Do you agree with this assessment?	Yes. Consumers own their data.
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.	No. Registry changes are expensive so a cost-benefit analysis is important and needs to tie back to what existing (or new) participants will do differently after the change.

QUESTION	COMMENT
Q15: Are there any other comments you would like to make about the Advanced Metering Paper – or about advanced metering in general?	No.
Q16: Are there any issues in relation to gas metering-related consumer complaints that you wish to raise?	Utilities Disputes Limited has reported a small number of complaints. A subset of these will relate to meter access and reading. A unilateral roll out of a higher cost metering technology to <i>all</i> consumers is likely to be a disproportionate response to address issues of this nature.