

12 May 2017

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Dear Ian

## Submission on Concept's Report on GTAC Governance Options

### Introduction

1. This is Vector Limited's (Vector) submission on the Gas Industry Company's (GIC) consultation on Concept Consulting's report, *Gas transmission access code – governance options*, dated April 2017.
2. We set out below our responses to the questions raised in the consultation paper.
3. No part of this submission is confidential. Vector's contact person for this submission is:

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### Responses to consultation questions

Q1: *The report recommends that code changes could be proposed by parties bound by the terms of the code, gas users and gas market operators. Do you agree with the reasoning and recommendation?*

4. Yes.
5. Over time, we expect a few parties to submit proposed code changes to address potential or perceived inconsistencies between the new gas transmission access code (GTAC) and the relevant regulations (which are also subject to amendments over time).
6. We suggest that Concept Consulting also consider mechanisms for resolving the above inconsistencies through, or outside of, the code change process.

Q2: *The report recommends that code changes should be consulted on and refined through a process similar to the current VTC process. Do you agree with the reasoning and recommendation?*

7. Yes.
8. We support a VTC-type evolutionary process for code changes. This would allow a proposed code change to be subject to robust assessment and refinements by stakeholders, including the GIC, during code change drafting and prior to its approval and implementation.
9. Consistent with and as part of a VTC-type process, we support a vote-based approach in decision making on code change proposals.

*Q3: The report recommends that proposed code changes should be assessed against the Gas Act s43ZN criteria, and that Gas Industry Co is best placed to make that assessment. Do you agree with the reasoning and recommendation?*

10. We consider the GIC to be well placed to make assessments against the Gas Act s43ZN criteria. The GIC can make such assessments through submissions on code change proposals.

*Q4: Are there any other matters that you believe are relevant to code changes and need to be considered?*

11. We suggest that Concept Consulting further consider the following issues:
  - a. Cost-benefit analysis: Any cost-benefit analysis undertaken to support a code change proposal should assess its broader impact (or potential impact) on the gas sector, i.e. it should consider its impact on the gas upstream and downstream markets, not just on transmission.
  - b. Single issue v multiple issue proposals: We encourage discussion on the merits and weaknesses of 'single issue' v 'multiple issue' code change proposals.

Where a multiple issue code change proposal is allowed, we prefer each aspect of the proposal to be supported by its own cost-benefit analysis and potentially allow voting for each aspect separately.
  - c. Implementation timeframe: The approval of a code change proposal should include a timeframe for implementation. This would provide certainty and sufficient time for the affected or potentially affected parties to consider the impact of the new arrangements in their business planning. This would also ensure that approved code changes are implemented.
  - d. Dispute resolution: While we acknowledge that the Concept report does not cover dispute resolution arrangements, we encourage Concept Consulting (if not the GIC and/or First Gas) to explore options for addressing disputes at this stage of the code

development process. This would further inform our views on this key aspect of GTAC governance.

Yours sincerely

For and on behalf of Vector Limited



**Richard Sharp**

Head of Regulatory and Pricing