

# Transitional assessment of retail contract arrangements

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## Background

On 12 May 2010, the Associate Minister of Energy and Resources endorsed Gas Industry Co's recommendation that a retail contracts oversight scheme be established. As part of that scheme, a "baseline" assessment of gas supply arrangements as at 15 June 2010 was completed and published in August 2010.

A "transitional" assessment of arrangements at 1 July 2011 will soon be undertaken to establish the degree of progress made by each retailer in aligning with the benchmarks since the baseline assessment. This transitional assessment date was originally scheduled to be 1 June 2011, but has been delayed to 1 July 2011 in order to match timeframes for a similar exercise to be conducted by the Electricity Authority.

Gas Industry Co is aware of the need to keep the burden of compliance activity to a minimum. As such, we are mindful of aligning the timing and ultimate objectives of our retail contract oversight with that of the Electricity Commission.

Gas Industry Co has appointed Elwood Law Limited to be the Independent Assessor for the transitional assessment. Where necessary, Gas Industry Co will provide Elwood Law with guidance as to the interpretation of the benchmark terms. Any guidance given will be included in the assessment reports.

## Documents to be Assessed

The assessment is of 'gas supply arrangements', which cover published standard terms for gas retail supply contracts (whether residential or business) and all ancillary documentation referenced in those contracts. A preliminary list of documents for the assessment is attached to this letter. Retailers are invited to provide any further documentation that may assist in the assessment.

Assessments will be made on the documentation available on retailer websites, or otherwise provided for assessment.

## Assessment Process

Individual retailers will receive the assessment results for their own contractual arrangements and will be given an opportunity to comment on those draft reports before receiving final versions.

A consolidated report for the whole industry will be submitted to the Minister and published on the Gas Industry Co website.

The timeline for the transitional assessments is as follows:

Date	Activity	Responsible party
7 June	This letter sent to retailers advising of scheme and scheme requirements (including request for documentation)	Gas Industry Co
24 June	Final date for retailers to confirm list of documentation and supply any other material relevant to the review	Retailers
1 July	Documents accessed and downloaded for assessment	Elwood Law
Late July	Draft individual assessments circulated to retailers for comment	Elwood Law / Gas Industry Co
24 August	Response to draft assessment due back from retailers	Retailers
By end of September	Final individual and consolidated assessments provided to GIC	Elwood Law
By mid October	Assessment results sent to Minister and published on GIC website	Gas Industry Co

At this stage it is expected that a further assessment will take place on 1 July 2012 as part of ongoing monitoring.

### Next steps

Gas Industry Co would be grateful if you could, as soon as possible and **no later than 24 June 2011**:

- let Jacki Eves, Senior Legal Counsel, Gas Industry Co<sup>1</sup>, know whether the attached table is a complete and accurate description of all of your gas supply arrangements;
- if the table is not complete, update the table with full details of all of your gas supply arrangements, including internet links to documents available on your website;
- if any documents comprising your gas supply arrangements are not available on your website, provide Jacki Eves with electronic copies of those documents; and
- let Jacki Eves know if any documents in the table (as updated by you where necessary) will be amended before 1 July 2011 (when the documents will be downloaded from your website).

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