

GIC Information Gathering Protocol – request for information

18 May 2016

Request from	Request to
Gas Industry Company Limited	All gas retailers and meter owners

Scope & purpose

Description

In order for Gas Industry Co to assess the state of the current market for metering services, we request that meter owners provide the following in respect of all open-access networks:

1. copies of all current metering service agreements between meter owners and retailers (including agreements that have expired, but a current relationship between the parties exists);
2. copies of any standard metering service agreements that are currently offered by meter owners (i.e. standard terms and conditions); and
3. copies of metering service agreements between meter owners and retailers that are currently subject to negotiation or yet to be progressed (including transition from bundled network and metering services agreements to separate agreements).

For the purposes of this review, we do not need to sight the prices for the metering services. Accordingly, that information can be redacted from the agreements before they are supplied.

Purpose

Included in the FY2016 Gas Industry Co work programme is a review of gas metering arrangements. This is intended to provide information on two facets:

1. the delivery of the metering services and the conduct of the market; and
2. a high-level review of gas smart metering technology and consideration of the business case for introducing smart meters into the gas industry in New Zealand.

This work stems from requests from stakeholders that we look into these areas and the work is consistent with the Government Policy Statement on Gas Governance (April 2008) which seeks a number of outcomes, one of which is:

"An efficient market structure for the provision of gas metering ... services"

Gas Industry Co has engaged Rod Crone Consulting to undertake this review and the terms of reference are appended to this information request.

Relevant Gas Act provision(s) The Gas Act, at section 43G(2)(f), allows the Minister to recommend regulations for the purpose of “*providing for terms and conditions of access to gas meters by gas retailers*”.

Provision and format So as to minimise inconvenience for industry participants, it is proposed that meter owners provide copies of all metering service agreements direct to Gas Industry Co. That will avoid each retailer having to search out and provide the contracts individually. As a result we request that:

1. meter owners provide Gas Industry Co with the following:
 - (a) copies of all current metering service agreements between meter owners and retailers (including agreements that have expired, but a current relationship between the parties exists);
 - (b) copies of any standard metering service agreements that are currently offered by meter owners (i.e. standard terms and conditions);
 - (c) copies of metering service agreements between meter owners and retailers that are currently subject to negotiation or yet to be progressed (including transition from bundled network and metering services agreements to separate agreements); and
2. in respect of their agreements with meter owners, retailers grant permission for meter owners to provide the information in paragraph 1 above to Gas Industry Co (for analysis by Rod Crone Consulting)

Gas Industry Co requests that the metering service agreements and retailer consents are provided in PDF format to ian.dempster@gasindustry.co.nz.

Meter owners and retailers are requested to comply with the following timeframes:

1. by **20 May 2016**, retailers provide Gas Industry Co with a signed copy of this Request for Information confirming their consent for meter owners to provide metering service agreements to Gas Industry Co in accordance with this Request for Information;
2. by **27 May 2016**, meter owners provide Gas Industry Co with the metering service agreements in accordance with this Request for Information.

Confidentiality Any pricing information in the metering service agreements will be treated as confidential information by Gas Industry Co and by Rod Crone Consulting.

Meter owners must indicate whether all or part of the metering service agreements provided to Gas Industry Co are confidential/commercially sensitive. The meter owner must provide reasons for classifying information as confidential or commercially sensitive.

The agreements will only be used in connection with the purpose described in this Request for Information.

Form of analysis and reporting Rod Crone Consulting will produce a report, possibly comprising two separate papers, that reviews the state of the gas metering market and considers the outlook for gas smart metering technology. The information that is the subject of this information request will be reported on in a manner that does not identify any particular industry participant. The terms of reference for Rod Crone Consulting are attached to this Request for Information

Consent

Retailers are requested to sign and return a copy of this Request for Information by **20 May 2016** to confirm their consent for meter owners to provide metering service agreements to Gas Industry Co in accordance with this Request for Information.

The retailer named below consents to its meter owners providing to Gas Industry Co copies of all of its meter service agreements as follows:

Name of retailer

Name of authorised signatory

Signature

Date

Terms of reference for gas metering review

Review of metering service provider arrangements

This will entail a review of the current arrangements for provision of gas metering services by meter owners (including TOU metering data management services but not manual meter-reading services). The work would include:

- checking with the Commerce Commission to ascertain whether work they have undertaken regarding the gas metering market (e.g. the preliminary assessment of whether to conduct a Part 4 inquiry into gas metering services) or any other studies that would cross-over with this work;
- reviewing the meter service agreements (both currently active and intended) and gathering feedback from meter owners and their customers on any issues with those agreements;
- considering whether the agreements are “future proof” in the face of new metering technology;
- interviewing counterparties to obtain a qualitative view of whether the market is sufficiently contestable that parties are able to negotiate reasonable terms and conditions and whether there is any evidence of differing treatment (e.g. small and/or new-entrant retailers receiving different terms/conditions/prices); and
- comparing actual agreements with meter owners current “standard” agreements (noting where no standard agreement exists).

Check on contestability of the market, for example:

- how easy is it for a third-party meter owner to enter the gas market;
- ascertain whether the threat of network bypass presents an issue for metering service provider arrangements;
- ascertain whether new connection arrangements present any restrictive practices to be concerned about where distributors also own metering businesses.

Wrap up:

- considering whether the review indicates there is any need for:
 - standardising arrangements (e.g. model contract, benchmark terms, regulated access arrangements, etc);
 - testing conclusions with market participants; and
 - holding further discussion with ComCom to discuss the most efficient approach to addressing any issues that may be identified.

Review of smart metering technology

The purpose is to gather information so Gas Industry Co and stakeholders are up to date with the current state of gas smart metering technology and where it is heading, and have an understanding of the likely benefits and issues in the context of the New Zealand gas industry so Gas Industry Co is well positioned to ensure the regulatory framework supports achieving the anticipated benefits.

This initial phase aims to produce a narrative that would cover the following topics:

- overview of gas smart meters currently available, including intended application (e.g. domestic, small business, etc), communications channel(s), additional capabilities (e.g. remote disconnect/reconnect, soundness testing), battery life (and trade-off with remote reading frequency), etc;
- experience from other jurisdictions, e.g. the smart meter rollout in the UK (see www.smartenergygb.org) and any formal reviews and/or lessons learned;
- experience from trials held within New Zealand, in particular whether the hilly terrain and/or sparse population indicates any issues with reliability of communications channels and/or drives the choice of technology;
- any indication of timeframes for rolling-out smart gas meters in NZ;
- comparison of the supply and installation costs of smart meters vs existing gas metering technology;
- interviews with key participant classes to identify classes of benefits that may be expected from smart metering technology, including retailer/customer benefits and smart network benefits;
- high-level assessment of the costs/benefits of a programme to replace existing meters with smart meters (taking into account estimated savings in meter reading costs, potential for more accurate readings and customer bills, potentially more accurate energy conversions if the smart meters compensate for temperature and/or pressure); and
- any lessons from the New Zealand electricity AMI rollout that may be relevant to the gas industry.