

23 February 2024

Gas Industry Co
Changes to Gas Governance Arrangement
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Tēnā koe,

Registry and reconciliation to keep pace with, but not over-prescribe, our future gas system

Powerco is subject to the gas governance arrangements as a distributor, meter owner, and potential renewable gas injecting party. Powerco is one of Aotearoa's largest gas and electricity distributors, supplying around 340,000 (electricity) and 113,000 (gas) urban and rural homes and businesses in the North Island. These energy networks provide essential services and will be core to Aotearoa achieving a net-zero economy in 2050. New Zealand's energy system and the role of distributors is changing.

It is important for gas governance arrangements and rules to keep pace with the current and future direction of our energy arrangements recognising that the roles of traditional industry participants are changing and technology is quickly advancing. Regulation needs to reflect these changes but also carefully balance the costs and benefits of administrative changes. The consultation documents include a cost-benefit analysis by Sapere, but this has not identified or quantified actual costs or benefits - we identify some of these in our response to the proposals

We have provided responses to some of the specific proposals in the attached table. If you have any questions regarding this submission or would like to talk further on the points we have raised, please contact Irene Clarke Irene.Clarke@powerco.co.nz.

Nāku noa, nā,



Stuart Dickson
General Manager – Customer
POWERCO

Responses to proposals

Proposal category	Powerco response
Capturing and maintaining registry information – AGMI	The document (section 4.2) recognises there are costs involved in establishing populating and maintaining registry fields, so any changes need to have clear benefit. For a new meter type field, we recommend that existing make/model fields be adapted for this category. There is significant advantage in this approach to avoid changes to our ICP management system front-end CWMS (such changes being near impossible at this stage of the system's life). Rather, we can make changes to the registry sync application which is also not simple but can be done For the AGMI communicating flag, this would not be able to be provided by Powerco as we do not manage the meter communications or data for smart meters due to our arrangement with a third party, Bluecurrent. To future proof registry arrangements, it would be beneficial for GIC to consider moving to a 'metering equipment provider' model similar to electricity meters, rather than continue to current 'meter equipment owner' model used for gas meters. The meter provider can more efficiently and accurately maintain these fields in the registry rather than relying on other parties to have arrangements (usually manual ones) to obtain and populate the data. In addition, we note that adding the field into Powerco's ICP management system application would not be possible, and we would need to find a work-around with Bluecurrent, which is likely to be complex.
Capturing and maintaining registry information – ICP maintenance deadlines	We support more defined deadlines for updating the registry to provide clearer targets for information flows and updates. While a two-tier rule appears appropriate to acknowledge a degree of tolerance, our concern is that this may not take account of standard updates vs bulk corrections. For example, if we process 50 standard gas gate updates in a year within 3 business days, but also find a bulk lot of 200 that need to be corrected effective 6 months ago; we would have 20% of updates "in time" and 80% over. This could over-value bulk updates and discourage corrections being applied with the correct date. We recommend either a single tier rule with the expectation for auditors to make an assessment based on our ability to meet the deadlines, considering outliers based on circumstances. Or a two tier rule applying to standard updates only.
Capturing and maintaining registry information – Distribution injection points	We support defining distribution injection points and working with distributors on parameters to be part of the registry. For injection points inside our network, we do not recommend creating a new special type of ICP in the registry. Due to the set up of our ICP management system (restrictions noted above), implementing a new type of ICP would be very difficult. We recommend using the existing ICP structure and providing for one of the existing fields to identify if the ICP is an injection point. A notification period of 3-months is likely to be workable due to the lead in time for these injection projects. The design of both notifications and registry updates should be coordinated to assist with streamlining processes and deadlines.

Proposal category	Powerco response
Allocation groups, interrogation and submission requirements – telemetry requirement and injection data	We acknowledge the proposal is to set a threshold of 20TJ/annum for TOU meter and telemetry installation and for these customers to be allocated to Group 1. Almost all of our customers in this category have existing telemetry but others would require new devices. A transition to allow time for equipment upgrades is recommended. In the case of our customers, a period of 1 year to 18 months would provide for a reasonable transition period. It is proposed that obligations on distribution injection parties to provide validated injection data is the same as obligations on transmission injection data. We agree that this is a logical approach.
Energy conversion - gas composition data and reporting	We support defining responsibilities and processes for gas composition data on networks with blended gas. A centralised system to capture relevant data is appropriate and will assist in consistency of both process and data. We agree with GIC that responsibility for metering, measurement, quality and daily composition reporting should sit with the injecting party. Responsibility for collating gas composition data, calculations over networks, and publishing results could be with distributor but the allocation agent or GIC would be best placed to perform this collation role across the industry.
Allocation methodology – distribution injection points	We agree that the allocation methodology related to injection and blending of renewable gases is complex but it is important for measurement and tracking to be transparent and have integrity. We would welcome discussions with GIC about the variable situations, issues and approaches. We note there is a link to distributor-retailer contracts. We encourage GIC to align these proposals with programmed contract reviews or related changes such as mandating blending, and to allow for appropriate transition periods.
Other	No comment on the contract information, minor, technical and non-regulatory proposals.