



Beyond the Boundaries

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## Gas DPP reset 2017

Dear Tricia ,

Thank you for providing us with the opportunity to make submissions on default price-quality paths for gas pipeline services from 2017.

We make the following comments and suggestions

### 1. Stakeholder engagement

- a. We appreciate the Commission's approach with question and answer sessions following major publications and workshops on specific topics.
- b. To assist particularly with workshop attendance from participants not domiciled in major centres, we suggest that at least 2 weeks' notice of such workshops is provided.

### 2. Quality

- a. We are very supportive of holding a workshop on quality of service as we consider that this area has potential for significant improvement on the present relatively rudimentary standard.
- b. It may be appropriate to consider separate workshops perhaps on the same day for transmission and distribution services since as noted in a number of discussions, the issues and concerns particularly of consumers are somewhat different.
- c. If workshops on quality are held by the GIC, we suggest that they are coordinated with the Commerce Commission workshop and clear objectives for each are agreed.
- d. While we agree that it is not appropriate to transfer in bulk the quality standards that exist for electricity transmission to gas transmission, it would nevertheless be useful to review the concepts underpinning the electricity transmission quality standards and apply them to gas transmission where appropriate. These include
  - i. Asset failure targets
  - ii. Performance reporting to consumers
  - iii. Forward looking asset health measures
  - iv. Revenue at risk.
- e. In particular, we consider that some forward looking risk based asset management targets should be incorporated into the quality standards.

**3. Implications of form of control on how the DPP is set.**

- a. Thank you for taking note of concerns as to the pricing volatility that we as consumers recently experienced.
- b. Intuitively, it seems to us that the WAPC form of control may in itself reduce pricing volatility for individual consumers.
- c. We find it difficult to suggest options for smoothing revenue recovery to deal with price volatility since in our view the pricing methodology which is set by the pipeline owners has had and could in the future have a far greater impact on consumer pricing volatility than regulated revenue smoothing and recovery.

Thank you for the opportunity to make this submission. We are happy to respond to any further questions you may have.

Yours Sincerely

A handwritten signature in blue ink, appearing to read 'L Haugh'.

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