

13 September 2021

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Via email regulation.branch@comcom.govt.nz

Powerco Limited (Powerco) welcomes the opportunity to provide a cross-submission on the Commerce Commission's *Resetting default price-quality paths for gas pipeline businesses from 1 October 2022: Process and Issues paper*.

Like our submission on the issues paper, the focus of our cross-submission is stranding risk. Submitters have a range of views on the relevance of stranding risk to the DPP3 regulatory period:

- Powerco, Firstgas, and Vector have outlined why there are good reasons to address stranding risk now
- Nova and Mercury support consideration of mechanisms to address stranding risk during the DPP3 reset process
- Major Gas Users Group and Methanex think the Commission should defer consideration of IM changes until the forthcoming IM review; and
- Greymouth Gas does not support the establishment of mechanisms to eliminate stranding risk

Though we have a strong view that stranding risk needs to be addressed immediately, it is understandable that some stakeholders do not see the urgency to address stranding risk:

1. Not all stakeholders had the same information eg before submissions were published there was limited information available to non-GPB stakeholders on the consumer benefits of addressing stranding risk at this reset.¹
2. There is uncertainty about the overlay of policy and regulatory outcomes over different time-frames. There could be value in seeking guidance from Government eg via a Government Policy Statement about how the Commission should account for factors like the Climate Change Response Act.

Suggested next step: We think the Commission's process should prioritise a workshop on capital recovery options to objectively explore the attributes and timing of possible solutions with interested stakeholders. We agree with Firstgas' view that if this workshop takes place in October, the Commission can consult on draft IMs amendments before Christmas 2021 and still meet its February 2022 timeframe for releasing the draft DPP3 reset decision.

If you have any questions on this submission, please contact Nathan Hill (Nathan.Hill@powerco.co.nz).

Yours sincerely



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¹ The purpose of the expert reports we co-sponsored with Vector and Firstgas was to fill this information gap.