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Dear Bas

## Proposed Rule Change Guidelines

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Genesis Power Limited, trading as Genesis Energy, welcomes the opportunity to provide a submission to the Gas Industry Company on the consultation document "Proposed guidelines for the management of proposed changes to gas governance rules and regulations" released in November 2008.

The proposed guidelines generally appear reasonable and should be a useful document for the Gas Industry Company, participants and other stakeholders alike. Genesis Energy's substantive comments on the guidelines are set out below.

### **Prioritising Rule Changes**

The guidelines state that:

"...proposals for rule changes will only be processed on an individual basis if there is a clear need to do so. This will generally be because the change is urgently required to enable rules to operate effectively, or to remedy an unanticipated, unfair and significant disadvantage to some participants..."

The Gas Industry Company should also give priority to any proposals for changes that will generate significant benefits. The Gas Industry Company should also consider how to involve industry participants in prioritising rule change proposals. This would be consistent with the Gas Industry Company's



aim of making co-regulation work and could, for example, involve an advisory group meeting to form non-binding recommendations to the Gas Industry Company on workstream priorities.

### **Screening Criteria**

The Gas Industry Company should retain some discretion around which rule change proposals it will accept rather than being bound too strictly by the criteria in the guideline. For example, the guideline includes the criterion:

“...the [rule change] proposal must be of reasonably wide applicability to participants or deal with a matter of principle, ie a proposal which purely serves the commercial interest of the participant making the proposal will not be accepted.”

Applying this criterion too strictly could rule out changes aimed at ameliorating a previously unanticipated adverse impact on a particular participant. There could be cases where such a rule change would be desirable even though it would only affect a single participant. Similarly, a rule change that enables a participant to innovate may be desirable provided its effect isn't anti-competitive.

### **Process**

In many cases, it would be useful for the Gas Industry Company to expose its thinking on reasonably practicable options before completing a statement of proposal. This would help reduce the likelihood of submitters setting the process back by posing new options in their later submissions.

If you would like to discuss any of these matters further, please contact Ross Parry on 04 495 3348.

Yours sincerely



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