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Submission on Gas Industry Co's AGMI Submissions Review and Recommendations

1. This is Vector Limited's (Vector) submission on the Gas Industry Company's (Gas Industry Co) *Advanced Gas Metering Infrastructure – Submissions Review and Recommendations* (the Recommendations Paper), dated 17 December 2021.
2. Vector welcomes Gas Industry Co's recommendation to adopt a non-regulatory, 'minimum standard' guidelines approach to advanced gas metering infrastructure (AGMI) issues – to ensure the delivery of an efficient, competitive market for advanced gas metering services. We believe this approach promotes innovation in services enabled by advanced gas meters for consumers' long-term benefit.
3. We agree with refreshing the terms of reference and membership of the Technical Advanced Metering Advisory Committee (TArMAC), to support its re-establishment as the AGMI Group.
4. To ensure the effectiveness of the AGMI Group, we suggest streamlining its proposed scope of work, consisting of at least 15 Type A (high priority) issues under the "Revised Ratings" for assessing AGMI issues identified through this workstream. It is an unreasonably heavy workload by any measure, particularly for a group that is not intended to operate full time.
5. As such, we suggest that the AGMI Group be tasked, as a matter of urgency, with developing recommendations for a core set of Type A issues that will deliver the most and immediate benefits to consumers. These include: 1) potential process and gas registry changes, including switching procedures, 2) Downstream Reconciliation Rules, incorporating file formats for market reconciliation and D+1, and 3) ensuring gas distributors have access to smart meter data on reasonable terms. The AGMI Group can keep a 'watching brief' in relation to the other Type A issues at the same time.
6. We set out our responses to the consultation questions below using the submission template provided by Gas Industry Co for this consultation.
7. We are happy to discuss any aspects of this submission with Gas Industry Co. Please contact Luz Rose (Senior Regulatory Partner) at Luz.Rose@vector.co.nz or 04 803 9051.
8. No part of this submission is confidential, and we are happy for Gas Industry Co to publish it in its entirety.

Yours sincerely
For and on behalf of Vector Limited

A handwritten signature in blue ink, appearing to read 'J. Tipping'.

Dr James Tipping
GM Market Strategy/Regulation



Submission prepared by: Vector

(Contact Luz.Rose@vector.co.nz in the first instance)

Question		Vector's comment
<i>Do you agree with the recommendations made by Gas Industry Co set out in the report? Please address your comments to each relevant recommendation separately (as set out below).</i>		
Recommendation 1	Recommended development of a set of 'minimum standard' guidelines to better ensure the effective deployment of AGMI technology to consumers in a safe, efficient, fair, reliable, and environmentally sustainable manner, and better ensure the delivery of an efficient, competitive market structure for the provision of gas metering services (AGMI Guidelines).	<p>Vector broadly agrees with Gas Industry Co's recommendation to adopt a non-regulatory, 'minimum standard' guidelines approach to AGMI issues to ensure the delivery of an efficient, competitive market for advanced gas metering services.</p> <p>Allowing the advanced gas metering market to develop without regulatory intervention will ensure that innovation in services that benefit consumers, enabled by advanced gas meters, is not stifled. In addition, allowing the development of minimum standards will ensure a common understanding of what market participants want and expect from advanced gas metering.</p>
Recommendation 2	Recommended list of identified AGMI issues, and Gas Industry Co's priority categorisation of the same.	<p><u>Streamlining the AGMI Group's work programme (proposed Type A issues)</u></p> <p>Vector welcomes Gas Industry Co taking on board recommendations we made in our earlier submission, dated 29 October 2021, regarding the re-prioritisation of some of the AGMI issues identified through this workstream.¹</p>

¹ <https://blob-static.vector.co.nz/blob/vector/media/vector2021/vector-submission-advanced-gas-metering-infrastructure-issues-assessment.pdf>

Question	Vector's comment
	<p>Under the Revised Ratings for AGMI issues,² Gas Industry Co proposes a set of at least 15 Type A (high priority) issues for consideration by the AGMI Group.³ The Group will be tasked with developing and recommending to Gas Industry Co a set of minimum standard guidelines for the deployment of advanced gas meters into New Zealand's retail gas market.</p> <p>By any measure, the simultaneous consideration of 15 AGMI issues is an unreasonably heavy workload for a group that is not intended to operate full time. This could undermine the AGMI Group's ability to deliver tangible recommendations that facilitate the delivery of advanced meter-enabled services in a timely manner. There is a real risk of the Group's work being hampered by 'paralysis by analysis', particularly during its initial stages.</p> <p>We therefore suggest that the AGMI Group be tasked with making recommendations on a core set of the highest priority Type A issues as a matter of urgency. At the same time, the Group can keep a 'watching brief' in relation to the other Type A issues.</p> <p>We suggest that addressing the following issues, which we believe will deliver the most and immediate value for consumers, be given the highest priority by the AGMI Group:</p> <ul style="list-style-type: none"> • Potential process and gas registry changes (including switching procedures);

² Page 33 of the Recommendations Paper

³ Gas Industry Co classified 16 AGMI issues as Type A issues under the Revised Ratings. These include: 1) minimum standards and file formats, 2) access to, use and security of, customer data, 3) streamlined process for customer requests for consumption data (Electricity Price Review [EPR] Recommendation C3), 4) ensuring distributors have access to smart meter data on reasonable terms (EPR Recommendation E3), 5) potential process and registry changes, including switching procedures, 6) Downstream Reconciliation Rules, 7) alignment of gas metering service agreements (GMSAs), 8) GMSA payment provisions, 9) AGMI redundancy risk, 10) Preferred Supplier Provisions in GMSAs, 11) centralised data provider – developing minimum standards without moving to a centralised model, 12) open access AGMI systems, 13) technology standards, 14) remote disconnections and reconnections, 15) advanced gas metering consumer education, and 16) D+1. All but issue #15, which retailers and industry associations such as Gas NZ are encouraged to progress, are recommended by Gas Industry Co for consideration by the AGMI Group.

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		<ul style="list-style-type: none"> • Downstream Reconciliation Rules <ul style="list-style-type: none"> - incorporating file formats for market reconciliation - incorporating D+1;⁴ and • Ensuring gas distributors have access to smart meter data on reasonable terms (Electricity Price Review Recommendation E3).⁵ <p><u>Not moving to a centralised data provider model</u></p> <p>In relation to the Type A issue - “Centralised data provider” (#11 under the Revised Ratings), we suggest renaming this issue to “Data access framework” or “Data access arrangements”. This is to accurately reflect Gas Industry Co’s view on this issue,⁶ avoiding its recommendation on the development of a centralised data provider being misconstrued. As indicated in the Recommendations Paper:</p> <p><i>Gas Industry Co has concerns about the costs and complexity of developing a centralised data provider model but considers there are likely efficiency and competition benefits available</i></p>

⁴ As indicated in Vector’s submission (dated 5 February 2021) on Gas Industry Co’s Work Programme and Levy for FY2022, “Vector strongly supports the integration of the pilot D+1 processes into the *Gas Downstream Reconciliation Rules*...the importance of providing more timely data – enabled by daily allocations – has become more urgent with the introduction of advanced gas meters...in the market” (paragraph 19). As further indicated in the same submission, “[p]otential improvements to the D+1 allocation outcomes...will provide more accurate data that helps promote competitive market outcomes. It will also result in fairer outcomes for shippers that are adversely impacted by fluctuations in allocation results from D+1 allocations to interim allocations. The impact of these fluctuations on shippers is magnified by the gas price volatility that has been a feature of the market since 2018. The increased cost of balancing is having, and will have, adverse cost impacts on downstream gas users and could erode the confidence of gas traders and consumers in the gas market” (paragraph 22).

⁵ As indicated in Vector’s submission (dated 29 October 2021) on Gas Industry Co’s AGMI Issues Assessment Paper, “[t]he provision of data on reasonable terms has the potential to add benefit to gas distributors and ultimately to consumers. For example, data on pressure and flow helps gas distributors improve their network models and avoid duplicating similar equipment that they need to install at various locations (much smaller coverage). Depending on the type of data, it may also provide improved customer notifications during outages...We would support incentives for gas distribution businesses to procure data, for example, by providing them with allowances under the Commerce Act Part 4 regime. Metering service providers need greater certainty to make the appropriate investments and develop the right services for gas distribution networks” (page 16).

⁶ Pages 19-20 of the Recommendations Paper

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		<p><i>from ensuring interoperability between different MSPs' data collection and storage systems. Efficient access to data is key to enabling many of the benefits of advanced gas metering to be realised.</i></p> <p><i>Gas Industry Co recommends that the AGMI Group be tasked with recommending minimum standards that can form the basis of a data access framework that can be put in place to enable efficient data access and authorised data sharing, between different MSPs' data collection and storage systems, without moving to a centralised provider model.</i></p> <p>For the avoidance of doubt, we agree with the above recommendation.</p> <p><u>Proposed Type B and Type C issues (Revised Ratings)</u></p> <p>We do not have any objection with the proposed classification of the four issues under the "Type B" (lower priority)⁷ category and the two issues under the "Type C" (non-relevant)⁸ category.</p>
Recommendation 3	Recommended utilisation of an updated TARMAC group as the appropriate working group to work with Gas Industry Co to develop solutions for AGMI issues identified through this workstream.	<p>Vector agrees that an updated TARMAC group (to be renamed the AGMI Group) would be an appropriate working group to work with Gas Industry Co to develop solutions for AGMI issues identified through this workstream.</p> <p>We suggest that any future recommendations by the AGMI Group be subject to stakeholder consultation(s) prior to Gas Industry Co making decisions on those recommendations.</p>

⁷ Gas Industry Co classified four AGMI issues as Type B (lower priority) issues under the Revised Ratings. These include: 1) market competition, 2) costs and benefits to consumers, 3) advanced meter displacement, and 4) Gas Metering System (GMS) ownership.

⁸ Gas Industry Co classified multiple trading relationships and Critical Contingency Regulations as Type C (non-relevant) issues for the purposes of this workstream.

	Question	Vector's comment
Recommendation 4	Recommended updated terms of reference for the TArMAC group (to be renamed the AGMI Group).	<p>Vector suggests that the draft/updated terms of reference for the AGMI Group be further revised to reflect a streamlined work programme, as proposed in our response to Recommendation 2.</p> <p>In alignment with our response to Recommendation 2, we suggest that references to Type A issue - "Centralised data provider" be amended to "Data access arrangements" or "Data access framework" in the AGMI Group's terms of reference. This is to reflect Gas Industry Co's recommendation that the AGMI Group be tasked with recommending minimum standards to enable efficient data access and authorised data sharing between different metering service providers' data collection and storage systems <u>without moving to a centralised provider model</u>.</p>
Recommendation 5	Recommended changes to the TArMAC group membership (to be renamed the AGMI Group).	<p>Vector has no issues with the recommended changes to the membership of the AGMI Group. We suggest that Gas Industry Co make a call for nominations for membership of this Group immediately, so the Group can commence discussions in the first quarter of 2022. This would help ensure that the benefits from advanced gas meters can be delivered to the market and consumers in a timely manner.</p> <p>We intend to make nominations for AGMI Group membership – for member and alternate member.</p>