

Appendix A: Format for Submissions

To assist the Gas Industry Co in the orderly and efficient consideration of stakeholders' responses, a suggested format for submissions has been prepared. This is drawn from the questions posed throughout the body of this discussion document.

Respondents are also free to include other material in their responses.

Recommended Format for Submissions

QUESTION	COMMENT
<p>Q1 Do you agree that it is sensible to divide the issues (with the downstream and upstream allocation arrangements) into short-term and long-term issues and to advance the short-term issues ahead of the long-term ones?</p>	<p>Yes</p>
<p>Q2 Do you agree that compliance with existing arrangements for downstream allocation is poor?</p>	<p>GasNet is not aware of any issues of non or poor compliance nor has it had any issues in this regard</p>
<p>Q3 Do you agree that governance arrangements (e.g. code modification processes, dispute resolution processes) are not working effectively? Please provide any specific examples that demonstrate your view.</p>	<p>GasNet is not aware of any issues regarding governance arrangements neither has it sought to make changes.</p>
<p>Q4 Do substantial difficulties arise as a result of the need for all shippers at a gate station to agree who to appoint as the allocation agent?</p>	<p>GasNet has not experienced any issues with agreement of the allocation agent at its sales gates.</p> <p>Until 2003 GasNet provided allocation and reconciliation services on its network. In 2003 GasNet withdrew from this service and gave notice to the retailers trading on GasNet networks. GasNet was not aware of any issues in the transition and from GasNet's perspective appeared seamless. However this may have been due to there being only one allocation agent and that similar arrangements had been agreed by those retailers at other sales gates.</p>

QUESTION	COMMENT
<p>Q5 Do you agree that the Gas Industry Co should implement a regime where the Gas Industry Co becomes the single industry body responsible for appointing an allocation agent (or allocation agents)?</p>	<p>GasNet is not concerned with who appoints the allocation agent and unless there is evidence or high risk that the retailers would not agree then questions why the need to change?</p> <p>GasNet is concerned that any change from the existing might result in an increase in governance/compliance costs to the industry and consumers as a whole.</p>
<p>Q6 Does the use of the "difference" allocation method and the resulting implications for the allocation of UFG variations create a substantial problem in the industry?</p>	<p>GasNet is unaware of any problems with the application of the "difference" allocation method.</p>
<p>Q7 If there are problems with the allocation of UFG variations, is working towards mandatory global allocation an appropriate response for the Gas Industry Co?</p>	<p>GasNet considers without question that there is greater uncertainty over the determination of UFG on its networks with the current arrangements & processes and supports the move to Global.</p>
<p>Q8 If global allocation is not made mandatory, how important would it be for 12 month rolling loss factors to be used in the allocation process?</p>	<p>GasNet considers that any ongoing trend analysis would be of value to prevent any sudden change in UFG and to monitor in particular the inputs used for the determination of UFG.</p>

QUESTION	COMMENT
<p>Q9 Should all gas gate daily metered quantities be published daily? What difficulties (e.g. confidentiality) might arise from daily publication?</p>	<p>From its own perspective GasNet does not have any concern with this.</p> <p>However these circumstances GasNet would usually seek the acceptance of the retailers trading on its networks when faced with such a request and would therefore tag our support as being conditional upon the responses of the retailers in this regard.</p> <p>With regard to confidentiality, the only obvious concern would be where there is one retailer trading on one sales gate, particularly where there is one or few end users supplied from the gate making it more apparent what the end use quantities are.</p>
<p>Q10 To what extent do industry problems arise as a result of poor quality data supplied into the allocation process?</p>	<p>There have been very few retrospective corrections applied to data provided by the allocation agent.</p> <p>Other than these known errors, GasNet is not aware of any issues around the quality of data. This may be because the data is of good quality or because the systems to track and identify issues are absent.</p>
<p>Q11 Should the Gas Industry Co introduce formalised, regular wash-ups of month end allocations after 4 or 6 months and after 12 months following the month in question?</p>	<p>If the cost of such is cost effective and of real value then GasNet would support this. The question is what is the appropriate frequency before it becomes uneconomic.</p>
<p>Q12 Is it appropriate, as part of the initial changes to allocation arrangements, to require all retailers to read every non-TOU ICP at least once in every twelve month cycle?</p>	<p>The greater the period of estimating the greater the potential variance between as billed and as metered.</p> <p>Providing the method of correcting this is accepted and adopted by the industry then GasNet is not concerned with the frequency of meter reading.</p> <p>The same issue would exist with 2,3 or 6 monthly reads so the same method needs to be in operation, it just becomes an issue over the scale of the difference.</p>
<p>Q13 Should the Gas Industry Co establish accuracy criteria for estimates (in conjunction with an appropriate compliance regime)?</p>	<p>GasNet supports the establishment of accuracy criteria for estimates but is not concerned who does it as long as it is universally applied.</p>

QUESTION	COMMENT
<p>Q14 Is it appropriate in the longer term (after the initial changes are made to the allocation arrangements) to introduce a requirement that submitted data contains a minimum percentage of historic read data?</p>	<p>If this assists the allocation process the GasNet supports this, however this is by definition only history and does not assist in instances where there has been changes in load or usage not evident in historic data.</p>
<p>Q15 Is it appropriate in the longer term to introduce a standardised data transfer format?</p>	<p>Yes although GasNet would support this in the short term and questions why it is considered to be appropriate only for the long term?</p>
<p>Q16 Do you agree that the two main options that should be considered for making allocation and reconciliation arrangements mandatory and enforceable are a modification of the existing contractual arrangements, and Ministerial rules under the Gas Act?</p>	<p>Yes</p>
<p>Q17 Do you agree that potential problems with pipeline owner leverage and Commerce Act risks associated with the contractual arrangements favour the Ministerial rules solution?</p>	<p>GasNet supports the rules solution</p>