



9 September 2009

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Dear Ian

## Reconciliation Data Accuracy Standard

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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 paper "Consultation on rule 37 accuracy requirement under the Gas (Downstream Reconciliation) Rules 2008" dated 28 August 2009.

Genesis Energy's responses to the consultation questions are in Appendix A.

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

Yours sincerely

A handwritten signature in black ink that reads "Ross Parry". The signature is written in a cursive, flowing style.

Ross Parry  
Regulatory Affairs Manager  
Genesis Energy

## Appendix A: Responses to Consultation Questions

QUESTION	COMMENT
<p>Q1: Do submitters support the determination of a +/-10% or +/-15% error for consumption periods in the 2009/2010 gas year under rule 37.3?</p>	<p>Genesis Energy supports retaining the accuracy standard at 15% for the next gas year, but expects that a revision down to 10% should be achievable for the following year.</p> <p>The new registry and reconciliation systems are improving participant's ability to submit accurate consumption data, but this process takes time.</p> <p>For now, the allocation agent shape file spreads read-to-read volumes to the appropriate months, and is generated from all retailers' submissions at a gate. This means that each retailer's accuracy is influenced by other retailers' submissions. This influence will effectively be nullified once the system has produced thirteen months of washed-up profiles.</p>
<p>Q2: Do submitters consider the information available since go-live indicates that a change to the existing +/-15% error is appropriate or not?</p>	<p>No. Genesis Energy expects that much of the movement seen in the data produced to date is caused by factors other than the accuracy of retailers' estimation routines.</p>
<p>Q3: In respect of the proposed +/-10% or +/-15% options for the percentage of error, do submitters have any comments or information in relation to the following matters?</p> <ul style="list-style-type: none"> <li>• The primary aim of ensuring consumption information provided for initial allocation is as accurate as possible when compared with consumption information provided for final</li> </ul>	<p>Submissions can only be based on the information that retailers have available at the time of submission. As such, they will always be less accurate than assessments made at a later date with the benefit of additional read information, processing, and error correction.</p> <p>Genesis Energy continually looks to improve the accuracy of its initial submissions to mitigate the financial implications of fluctuating volumes. In</p>

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<p>allocation.</p> <ul style="list-style-type: none"> <li>• The extent to which retailers are able to comply with the percentage of error for the accuracy of consumption information provided for initial allocation.</li> <li>• Any expected costs that would reasonably be incurred by retailers to achieve compliance with the percentage of error for the accuracy of consumption information provided for initial allocation.</li> <li>• Any other matter relevant to the Gas Industry Co's determination.</li> </ul>	<p>the normal course of events, the costs of any changes to improve accuracy are traded off against the scope for those changes to mitigate financial risks. Event audits (such as those underway at present) provide an additional opportunity to identify sources of inaccuracy and associated improvements.</p> <p>Lower-cost options for improving accuracy generally involve system changes to improve estimations and reduce errors. Higher-cost options would include measures such as increasing meter reading frequencies, or deploying advanced meters.</p> <p>Retailers make their individual decisions on meter reading frequencies based on their understanding of customer preferences and their overall retail strategy (for example, low-cost versus full-service).</p> <p>Genesis Energy expects that lower cost improvements should be sufficient to enable retailers to achieve a 10% accuracy standard (once 13 months of wash-ups have been processed at each gas gate, and event audits have shed light on problems at gates with particularly high errors). In subsequent years, a closer analysis of the costs and benefits may be needed to justify setting a tighter accuracy standard.</p>