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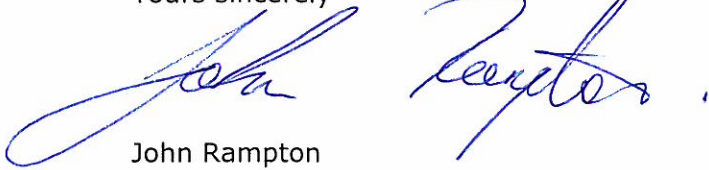
Dear Ian

**Consultation on Rule 37 Accuracy – Downstream Reconciliation Rules  
2008**

1. Vector welcomes the opportunity to provide this submission on the Gas Industry Company's (GIC) consultation on *Rule 37 accuracy requirement under the Gas (Downstream Reconciliation) Rules 2008*.
2. We strongly support reducing the maximum percentage error from its current lenient +/- 15% level to a lower level, preferably +/- 5%. The current +/- 15% error margin does not provide for the level of accuracy that is consistent with the attainment of the principal 'Accuracy' outcome of the Gas (Downstream Reconciliation) Rules 2008 (the Rules). The outcome sought from the Rules is clearly stated in the Government Policy Statement on Gas Governance as "*Accurate and timely arrangements for the allocation and reconciliation of downstream gas*".
3. The +/- 15% error margin is too large to provide participants with the necessary incentives to improve their performance. Furthermore, the size of the error margin leaves open the potential for 'gaming' by market participants to arrange their positions in a manner that minimises their upstream balancing exposures while complying with the generous downstream margins.
4. Vector's responses to the questions asked are set out in the table in Appendix A, which is attached. In this table we have set out in some detail why the current error needs to be reduced.

5. Thank-you for considering this submission. If you require further information please contact me in the first instance on tel. 04 803 9036 or at [john.rampton@vector.co.nz](mailto:john.rampton@vector.co.nz) .

Yours sincerely

A handwritten signature in blue ink, appearing to read 'John Rampton', written in a cursive style.

John Rampton