



29 September 2011

Andrew Walker  
Advisor  
Gas Industry Company Limited  
PO Box 10 646  
Wellington 6143

Mighty River Power Limited  
Millennium Centre  
602 Great South Road  
Ellerslie 1051  
Private Bag 92008  
Auckland 1142

Phone: +64 9 580 3500  
Fax: +64 9 580 3501  
[www.mightyriverpower.co.nz](http://www.mightyriverpower.co.nz)

Dear Andrew,

**Ref: Consultation on rule 37 percentage of error determination under the Gas (Downstream Reconciliation) Rules 2008**

**Introduction**

1. Mighty River Power (MRP) welcomes the opportunity to respond to the Gas Industry Company (GIC)'s Consultation on Rule 37 - percentage of error determinations, issued on 22 September 2011. No part of the submission is confidential and MRP is happy for it to be publicly released. Our responses to the specific questions are detailed in the table below.

**Comments**

2. MRP supports the GIC's proposal that the accuracy threshold should remain at 10% for the coming gas year as there are significant difficulties in attempting to estimate consumption amongst the retailers.
3. MRP believes that the balancing costs have trended downward in the past years and a further tightening might not be applicable as the only remedy to this situation is to increase meter reading.

**Concluding remarks**

4. If you would like to discuss any of our comments directly with MRP please do not hesitate to me on 09 580 3844 or [aileen.rodger@mightyriver.co.nz](mailto:aileen.rodger@mightyriver.co.nz)

Yours sincerely

A handwritten signature in black ink, appearing to read 'A. Rodger', with a large loop at the start and a trailing flourish.**Aileen Rodger**

Compliance and Process Improvement Manager

QUESTION	COMMENT
<p>Do you support maintaining the current accuracy threshold of <math>\pm 10\%</math>? Please provide reasons for your preference</p> <p>Q1</p>	<p>MRP agrees with the GIC in maintaining the 10% threshold. The analysis provided by the GIC shows that lowering the 10% threshold to 5% would increase the number of breaches. However, the consultation provides evidence that the majority of breaches with an inaccuracy of 5% to 10% would fall below the 200GJ volume threshold. MRP sees it would not be prudent to decrease the threshold only to increase the number of non material breaches. Further to maintaining this 10% threshold, a breach should only be considered where it is material. I.e. Exceeding both the percentage and the volume threshold.</p>
<p>Do you have any further comments or information relevant to Gas Industry Co's determination?</p> <p>Q2</p>	<p>The focus should deviate away from lowering the 10% threshold but finding more cost effective methods of gaining accuracy within initial submissions. As the residual profile shape is used in mass market forward estimations; it would be ideal to use the current reconciliation months profile shape for forward estimations. As it is a factor of forward estimations, the profile shape used would have a direct correlation to the accuracy of the estimate. The GIC should consider having HHR submissions made prior to NHH submissions and a profile shape downloadable for use to incorporate into mass market forward estimations. This would however require more time for mass market retailers to get their initial submissions in after the publication of the profile shape.</p>