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1 February 2013

Steve Bielby  
95 Customhouse Quay  
Gas Industry Company  
WELLINGTON

Submitted via: Gas Industry Company website

Dear Steve

## Consultation on two special allocation decisions

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Genesis Power Limited, trading as Genesis Energy, welcomes the opportunity to provide a submission to the Gas Industry Company ("the GIC") on the paper "Consultation on two special allocation decisions" dated 29 January 2013.

### **Westfield Injection Error**

Genesis Energy's preference is for the initial and interim allocations at the Westfield gate to be corrected now, rather than waiting for final allocations.

We consider that the expected changes to final allocations are reasonably significant to warrant this early correction. The GIC has assessed the necessary corrections as resulting in only a 5% increase in total volumes at the Auckland Gas gate. However, this change in volume will only increase allocations for non-TOU customers (allocation groups 4 and 6) at this gas gate. Therefore we consider that the difference between interim allocations and final allocations for Genesis Energy is likely to be much higher - around 10%. Further, as this error relates to "metering", this difference will need to be injected as additional gas in the system (as opposed to a usual wash-up where parties' positive and negative positions can be balanced against each other).

The timing of final allocations also co-incides with the 2013 winter peak. At this time our retail business is already under considerable pressure to supply additional winter demand. Retaining the inaccurate interim allocation results may

also affect our ability to model forecast demand and capacity management for this time period.

To address these issues and their potential undue impacts for our customers, we recommend that the GIC direct special allocations now, at a time when we have more flexibility to rebalance our positions. We further suggest that the time period for settlement allows rebalancing to be staggered or to be spread over a month to account for the size of the correction.

#### **Over submission at Hunua**

Genesis Energy is not allocated volumes at the Hunua gate and, therefore, is not affected by the over submissions at this gas gate. However, we agree that the expected volume in AUFG that would need to be shifted between the affected parties (if this correction was performed) is not of a sufficient magnitude to warrant an early correction. We support the GIC's preliminary view that the submission errors identified at this gas gate should be settled in the final allocation.

If you would like to discuss any of these matters further, please contact me on 04 495 6357.

Yours sincerely



Lizzie Wesley-Smith  
Regulatory Advisor

## Appendix A: Responses to Consultation Questions

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QUESTION	COMMENT
Q1: Do you consider that the current allocation results for May to July 2012 at Greater Auckland are sufficiently unfair that Gas Industry Co should direct special allocations?	Yes.
Q2: Are there any commercial reasons for retaining the current allocation results for May to July 2012 at Greater Auckland?	No.
Q3: Do you consider that the current allocation results for January to May 2012 at Hunua are sufficiently unfair that Gas Industry Co should direct special allocations?	No. Volumes on this gate are low.
Q4: Are there any commercial reasons for retaining the current allocation results for January to May 2012 at Hunua	No.