



**Submission to the Gas Industry Company on its consultation on
Exemption Applications #2 under the
Gas (Downstream
Reconciliation) Rules 2008: September 2008**

From

Contact Energy Limited

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Introduction

Contact Energy Limited (“Contact”) welcomes the opportunity to provide feedback to the Gas Industry Company (“GIC”).

For any questions related to this submission, please contact:

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Contact's responses to discussion questions

Discussion question	Comment
<p>Q1: Do submitters have any comments on the direct consumer and non-shared gas gate exemption application DR08-20-S from Nova Gas?</p>	<p>As downstream reconciliation is not relevant at gas gates where there is no UFG to be allocated, i.e. direct consumer gas gates and the Nova Gas bypass network (non open access) gas gates, and since allocations at these gas gates are already part of the Vector [upstream allocation] process, Contact agrees that all direct consumer and Nova Gas bypass network gas gates should be excluded from the application of the rules identified in the Genesis exemption application, irrespective of who is retailer.</p> <p>It is noted, however, that there is potential for the misallocation of ICPs and therefore UFG between the open access and Nova Gas bypass networks. Hence transparency of UFG on the Nova Gas bypass networks would help identify any potential misallocation to the wrong network, i.e. where an ICP (and associated consumption) could be allocated to the bypass network while still being physically connected to the open access network, thus over reporting UFG on the open access network and under reporting the same level of UFG on the bypass network.</p> <p>Contact would therefore like to see transparency of monthly and annual UFG at all gas gates supplying non open access bypass networks, although we accept this will likely require a future Rule change.</p>
<p>Q2: Do submitters have any comments on the ongoing fee exemption application DR08-21-S from Nova Gas?</p>	<p>Clearly if an exemption is granted for direct consumer and Nova Gas bypass network gas gates then this exemption is not required.</p> <p>Nevertheless, Contact supports the position that throughput volumes for direct supply gas gates and bypass network gas gates should be exempt from the allocation of ongoing fees.</p>

Discussion question	Comment
<p>Q3: Do submitters have any comments on the unmetered Matapu and Pungarehu No. 2 gas gate exemption application DR08-22-S from Powerco?</p>	<p>Where a gas gate is supplying a single Retailer with multiple consumers, and any of the consumers could switch to another Retailer, Contact considers that there should be TOU metering at the gas gate unless the total consumption is below a preset threshold. In this context Contact accepts, however, that it is uneconomic to install gas gate metering at very small gas gates.</p> <p>Contact also considers it unnecessary to have gas gate metering at direct consumer gas gates where there is single consumer metering, as there is no UFG to allocate and all metering equipment and conversion of metered volume to energy is required to comply with NZS 5259. In this context Contact is not advocating removal of gas gate metering for direct consumer gas gates where metering is currently in place, rather we are advocating that where metering does not currently exist at direct consumer gas gates then there should be a general exemption that exempts such gas gates from the application of the relevant Rules that require metering data to be provided for all gas gates.</p>
<p>Q4: Do submitters have any comments on the transitional exemption application DR08-23-T from Bay of Plenty Energy regarding the application of seasonal adjustment daily shape values?</p>	<p>Please refer to Contact's comments regarding previous application from Nova Gas DR08-03-T on this issue.</p>