



20/7

30 August 2012

John Bright  
Gas Industry Company  
PO Box 10-646  
Wellington

Dear John

**STATEMENT OF PROPOSAL – DOWNSTREAM RECONCILIATION RULES REVIEW**

Thank you for the opportunity to comment on the Downstream Reconciliation Rules Review. I am responding on behalf of Energy Direct NZ (EDNZ).

We agree with the majority proposed amendments, please see the attached table for further information.

If you would like to discuss our comments further please contact me by email at [tara.gannon@energydirectnz.co.nz](mailto:tara.gannon@energydirectnz.co.nz) or by phone on DDI 06 349 2055. Alternatively you can contact our General Manager, Michael Ram, by email at [michael.ram@energydirect.co.nz](mailto:michael.ram@energydirect.co.nz) or by phone on 06 349 0129.

Yours sincerely

A handwritten signature in black ink that reads "Tannon".

Tara Gannon  
**Energy Trading Manager**

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QUESTION	COMMENT
<p>1 Do you agree that commercial arrangements provide sufficient obligations on meter owners for the purpose of the Rules? With regard to the suggestion by the DRAG, do you consider there is an identifiable market failure that merits Gas Industry Co developing a workstream on the creation of guidelines and/or principles for metering contracts?</p>	<p>EDNZ partially agrees with the proposal.</p> <ul style="list-style-type: none"> <li>• We have breached the Reconciliation Rules many times due to a meter owner’s acts, delays, errors or omissions which were beyond our control. In most cases we have been able to come to an acceptable arrangement with the meter owner for any cost incurred.</li> <li>• Not all meter owners operate in a contestable environment. Some distribution network owners are also meter owners, and they do not allow other meter owners to operate on their networks without their permission.</li> <li>• As meter owners charge retailers daily meter rentals, their own income is not affected by consumption inaccuracies, such as incorrect meter pressures or dials. If meter owners do not have obligations under the Rules to provide retailers with complete, accurate and timely information, we would like to see their contractual obligations to retailers strengthened.</li> </ul>
<p>2 Given that the review will cover all of the long-standing exemptions do you agree that the exemptions process should be retained?</p>	<p>EDNZ agrees with the proposal. Unexpected situations requiring an exemption could occur in the future.</p>
<p>3 Do you agree with the proposal to codify a rule for direct connect gas gates? Do you agree with the creation of a new rule enabling Gas Industry Co and the allocation agent to access direct connect injection data as requested?</p>	<p>EDNZ agrees with the proposal.</p>
<p>4 Do you agree with the proposed rule for G1M gas gates? Do you agree with establishing the deterministic criteria for G1M gas gates in an industry determination?</p>	<p>EDNZ agrees with the proposal.</p>
<p>5 Do you agree with the proposed rule change for unmetered and oversized metered gas gates?</p>	<p>EDNZ agrees with the proposal.</p>
<p>6 Do you have any comments on Gas Industry Co’s recommendation not to change the method of apportioning the ongoing fees?</p>	<p>EDNZ agrees with the proposal.</p>

QUESTION	COMMENT
7 Do you agree with the proposed rule enabling the correction, where necessary, of an AUFG factor if it is found to be incorrect?	EDNZ agrees with the proposal.
8 Do you agree with the proposal for dealing with estimated daily energy quantities?	EDNZ agrees with the proposal.
9 Do you agree with the proposal to amend the rules relating to trading notifications?	EDNZ disagrees with the proposal. Based on our own experiences we do not believe the costs of producing trader notifications and responding to alleged breaches exceeds the cost to modify the allocation systems. We believe that it would be better to extend the deadline for submitting trader notifications to “to be provided as soon as practicable but no later than the fourth month following the consumption period”.
10 Do you agree that a rule should be created enabling performance audits to cover the accuracy of data population in the registry? Do you think that audits should be limited to certain fields relevant to reconciliation or would you prefer broader audit arrangements contained within the Switching Rules?	EDNZ agrees with the proposed new rule. The audits should focus on fields that have a high impact on the accuracy of submissions such as: <ul style="list-style-type: none"> <li>• Gas Gate</li> <li>• Network Pressure</li> <li>• ICP Altitude</li> <li>• Meter Identifier</li> </ul> Some other critical information for gas conversion like number of dials and meter pressure is not populated on the gas registry.
11 Do you agree that rule 75 should be amended to allow the auditor more discretion in determining who should be responsible for paying the costs of an event audit?	EDNZ agrees with the proposed new rule.

QUESTION	COMMENT
<p>12 Do you agree that a rule should be created to require audits of major system changes? If so, do you agree that a post go-live audit should also be required? Do you think the definition of “major” should be specified in the Rules or in an industry guideline?</p>	<p>EDNZ partially agrees with the proposal. Proposed rule 65.4 should state that the changes must affect gas reconciliation for this rule to apply.</p> <p>Major should be defined, preferably in an industry guideline. A percentage and GJ difference in submissions before and after the change could be used to determine whether the change is major.</p>
<p>13 Do you agree that rule 42 is redundant and should be deleted from the Rules? Will your organisation be adversely affected by its removal? Should the obligations in rule 28.4 be extended to transmission system owners?</p>	<p>EDNZ agrees with the proposed new rule. EDNZ will not be adversely affected.</p> <p>We provisionally agree that rule 28.4 should also apply to system operators, pending the confirmation of any costs that would be incurred by the system operator and passed on to retailers.</p>
<p>14 Do you support the proposal to allow allocation participants access to the GAR170 report? If not, would you support disclosure of submission information consistent with the SupSub report?</p>	<p>EDNZ does not agree with the proposal, as we do not believe that the additional report is necessary.</p> <p>We would be willing to disclose submission information consistent with the SupSub report.</p>
<p>15 Do you agree with the minor and technical amendments proposed in this section? Do you agree that the proposals meet the criteria in section 43N(3) of the Gas Act?</p>	<p>EDNZ agrees with the proposed amendments.</p>
<p>16 Do you have any comments on the transitional issues discussed in this section?</p>	<p>EDNZ does not have any comments on the proposed transitional issues.</p>