

Appendix A Recommended format for submissions

To assist Gas Industry Co in the orderly and efficient consideration of submitters' responses, a suggested format for submissions has been prepared. This is drawn from the questions posed in the body of this consultation paper. Submitters are also free to include other material in their responses.

Submission from: Mighty River Power, Gas-Governance@mightyriver.co.nz Ken Leong & Ranjesh Kumar (company name and contact)

Question	Comment
<p>Q1: Do submitters support the determination of a $\pm 10\%$ percentage of error for consumption periods in the 2010/2011 gas year under rule 37.3? Please provide reasons for your preference and indicate your views in respect of each option.</p>	<p>Yes we support the $\pm 10\%$ margin for error between the initial and final gas submissions in conjunction with the 200GJ materiality clause. We believe this a positive step towards the gas allocation and reconciliation process, as it compels market participants to submit accurate data for their first submissions. Accurate submissions would lead to smaller discrepancies in gas allocations which often move gas portfolio/pipeline positions and result in unnecessary penalties.</p>
<p>Q2: Do submitters consider the information available since go-live indicates that a change to the existing percentage of error is appropriate or not? Please provide reasons.</p>	<p>Yes it is appropriate. The GIC has stated its intentions to move towards greater transparency, fairness and accuracy in the New Zealand Gas market. This change in the margin of error is a step forward to ensure gas allocations/reconciliations become accurate and robust. The current monthly allocation process is not efficient, as market participants are unaware of their daily gas positions which result in daily penalties/charges. Ensuring greater accuracy of consumption data would help in reducing the financial impact of such penalties.</p>
<p>Q3: In respect of the proposal for the percentage of error, do submitters have any comments or information in relation to the following matters?</p> <ul style="list-style-type: none"> •The primary aim of ensuring consumption information provided for initial allocation is as accurate as possible when compared with consumption information provided for final allocation. •The extent to which retailers are able to comply with the percentage of error for the accuracy of consumption information provided for initial allocation. •Any expected costs that would be reasonably incurred by retailers to achieve compliance with the percentage of error for the accuracy of consumption information provided for initial allocation. 	<ul style="list-style-type: none"> •The primary aim of ensuring consumption information provided for initial allocation is as accurate as possible when compared with consumption information provided for final allocation. <p>No comments. We accept this view point.</p> <ul style="list-style-type: none"> •The extent to which retailers are able to comply with the percentage of error for the accuracy of consumption information provided for initial allocation. <p>Introduction of a materiality clause of 200GJ, as smaller gas gates may have greater discrepancy in gas volumes, which could exceed the 10% margin of error.</p>

Question	Comment
<p>•Any other matters relevant to Gas Industry Co's determination.</p>	<p>•Any expected costs that would be reasonably incurred by retailers to achieve compliance with the percentage of error for the accuracy of consumption information provided for initial allocation.</p> <p>No comment.</p> <p>•Any other matters relevant to Gas Industry Co's determination.</p> <p>The allocation agent should move towards a daily allocation and reconciliation process; at the gas gate level; which would bring the upstream and downstream market participants in line with the Maui Pipeline Operational Code, Maui Pipeline Transmission Services Agreement, Vector Transmission code and Vector Transmission Services Agreement. This would allow market participants to more efficiently manage gas portfolios and submit consumption data with greater accuracy.</p>
<p>Q4: Do submitters support an exemption for all percentage of error breaches that are less than 200GJ outside compliance with rule 37.2? Please provide reasons</p>	<p>Yes we support an exemption for all percentage of error breaches within 200GJ outside compliance with rule 37.2 because smaller gas gates may have greater variance in initial and final submissions. Pursuing retailers for such small breaches may not be efficient.</p>