

## Matters for Consultation by Friday, 11 July 2008

Submission prepared by: Charles Teichert, Nova Gas Limited

Question	Comment
<p><i>Q15: Do submitters agree with the +/- 15% percentage of error that Gas Industry Co proposes to determine under rule 37.3? If not, please explain why and please propose a different percentage of error with supporting information and reasons.</i></p>	<p>Yes, although the GIC will need to recognise that this should be subject to exceptional circumstances such as where a retailer have a small number of customers at a gate.</p> <p>A factor in the estimation error is the number of customer a retailer may have at a gate. The more customers, the higher the degree of diversity of load and the more predictable and stable the nature of aggregate demand and estimation error</p> <p>Retailers with small number of ICP's may have larger percentage estimate errors due to the lack of diversity. However, due to the small numbers of customers and the low volume associated, the affect is insignificant and allowance should be made for this in those situations, ie if estimate error is larger than the threshold in situations where there is a low number of customers and a low volume.</p>
<p><i>Q16: Do submitters have any general comments to note on the choice of a percentage of error between +/- 10% and +/- 20%?</i></p>	<p>No.</p>
<p><i>Q17: Do submitters have any comments or information in relation to the matters that Gas Industry Co must have regard to when determining an appropriate percentage of error?</i></p>	<p>GIC likely to be in a better position to assess after 18 months of operation.</p> <p>If the objective is to ensure that the initial estimate is as accurate as possible then a 15% threshold is not a benchmark that supports that. The reason that 15% is supportable is that there is a washup process so that estimation error is corrected for through time and that any financial disadvantage suffered by a party due to another parties inaccurate estimates is only temporary.</p> <p>As Nova Gas has highlighted in previous submissions, washups data is used to recalculate transmission and distribution charges so any temporary misallocation should not be too much of an issue.</p> <p>However, The Vector Transmission Code currently prevents washup information being used to reallocate balancing costs so the 15% error will give rise to misallocation of balancing costs and this is unacceptable. In the absence of daily allocations used for reconciliation purposes on an intra month basis, washup information should be able to be utilised to reallocate balancing and peaking charges as well.</p>

Question	Comment
<p><i>Q18: Do submitters have any comments on the proposed grouping of gas gates for the purposes of the Reconciliation Rules? Are there any other gas gates that need to be considered as a group for the purposes of the Reconciliation Rules?</i></p>	<p>No</p>
<p><i>Q19: Gas Industry Co notes that the application of the Reconciliation Rules is not limited to shared gas gates. Are there any gas gates that should be validly exempt from the rules? If so, why?</i></p>	<p>It is logical that the reconciliation rules and allocation process requirements should only apply to gates connected to open access networks or dedicated sites where there are multiple retailers supplying multiple consumers.</p> <p>Dedicated gates where only party can trade should not be subject to the Reconciliation rules.</p> <p>There is no benefit (only costs) for any party in making such gates subject to the processes under the Reconciliation rules.</p> <p>An exemption process should be available in such circumstances.</p>
<p><i>Q20: Transmission owners are asked to provide their views on the discussion regarding the implementation of rules 41 and 42 and respond to the question asked above of them.</i></p>	<p>No</p>
<p><i>Q21: Do submitters have any views of Gas Industry Co's proposed timing for the provision of estimated day-end volume injection quantities each day (ie 10am and 4pm) or any other comments on the proposed implementation of rules 41 and 42?</i></p>	<p>No</p>
<p><i>Q22: Do submitters have any comments on the proposed ability for the allocation agent to be able to supply special reports and information to allocation participants? Or comments on Gas Industry Co's proposal to provide for this in the allocation agent service provider agreement?</i></p>	<p>Nova agrees that an allocation participant should be able to contract directly with the allocation agent for additional services at their own cost subject to normal constraints that an allocation participants cannot access data that would otherwise be confidential or commercially sensitive.</p>

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Q23: Do submitters have any comments on the provision of allocation information by the allocation agent to OATIS, including any comments on the dummy files attached as Appendix D?	Consistent with above, Vector Transmission should be able to contract, at its cost, with the allocation agent for the provision of allocation information in a different format to that provided for by the Rules.
Q24: Do submitters have any comments on the proposed process by which the allocation agent should be advised by retails of changes to Vector's supplementary contract codes?	No - So long as the process works and is clear.
Q25: Do submitters have any comments on the proposed notification form and process?	No
Q26: Do submitters have any comments on the definition of "gas measurement system" in the context of the definition of "gas gate"?	
<p>Q27: To assist Gas Industry Co's analysis, Gas Industry Co request industry participants provide information relevant to the following:</p> <ul style="list-style-type: none"> <li>• An estimate of the number of third party gas measurement system connections;</li> <li>• An estimate of the number (if any) of instances where a third party owns the meter, but not the whole gas measurement system; and</li> <li>• Any other information from participants where they have previously considered the issues of gas measurement systems or meter ownership in the context of the Gas Act definition of "distribution system".</li> </ul>	
Q28: Do submitters have any comments on any of the other implementation matters detailed in Part 4 of the paper?	No

Question	Comment
Q29: <i>Do submitters have any comments on the migration from current industry arrangements to the allocation arrangements provided under the Reconciliation Rules?</i>	Not at this stage