

## Submission regarding Reconciliation Rule Exemption Applications January 2009.

Submission from: Charles Teichert, Nova Gas

Question	Comment
<i>Q1: Do submitters have any comments on the exemption DR09-01-U proposed by Contact regarding the new Stratford 3 direct connect gas gate?</i>	<p>Nova Gas agrees with the views of the GIC:</p> <ul style="list-style-type: none"><li>- the exemption should be granted on the same basis as other exemptions for dedicated direct connect gas gates;</li><li>- the exemption should not include rules other than those included in exemptions granted to other parties;</li></ul>
<i>Q2: Do submitters have any comments on exemptions DR09-02-T proposed by Gas Industry Co and DR09-05-S from Mighty River Power regarding potential arrangements to address negative GGRP values??</i>	<p>Nova agrees with the GIC's proposed approach of setting a floor of 0 in the residual profile is more preferable than that proposed by MRP and is an expedient method of dealing with the issue.</p> <p>Nova is concerned that potentially given the annual fixed loss factors applied to TOU site data, this is likely to be contributing to the issue. This is supported by the fact that many gates over the first three months have exhibited positive UFG for non TOU allocations and by the comments made in the consultation document that the majority of negative residual profile values occur at gas gates where the TOU volume makes up most of the total gate volume.</p> <p>Another approach to reducing at least to some extent the negative residual profile issue would be to apply loss factors to TOU sites after the residual profile has been created as opposed to before.</p> <p>The algorithm and residual profile to be used by retailers should be established through rules and not left to the discretion of participants that potentially could lead to parties optimising profiles for their commercial benefit and at the expense of other parties.</p>

Question	Comment
<p><i>Q3: Do submitters have any comments on the transitional exemption application DR09-03-T proposed by Gas Industry Co regarding the arrangements for any residual unallocated gas?</i></p>	<p>Nova disagrees with the GIC's proposed approach to dealing with the situation where retailers in aggregate submit 0 consumption when there is a positive injection at a gas gate.</p> <p>The current practice of allocating 0 volume at that gate for each retailer resulting in a difference with OATIS quantities and the resulting problems for Vector Transmission is up to Vector Transmission to resolve. We do not believe an exemption is warranted for this purpose.</p> <p>If retailers have submitted 0 volume when customers (of retailers) have consumed gas then this is likely to result in a breach of the Rules so remedies are available through the compliance process to affected parties including Vector Transmission.</p> <p>The proposed equal split allocation of gas to retailers trading at that gate is completely arbitrary and is no more or less fair, equitable than the status quo. The proposed solution is less efficient as there is a cost (\$8,400) associated with the proposed approach whereas the status quo has no cost.</p> <p>Nova views any cost on Vector Transmission associated with uploading data into OATIS as their own responsibility similar to the obligations on retailers to submit data and receive data in the form specified by the Rules.</p>

Question	Comment
<p><i>Q4: Do submitters have any comments on the exemption DR09-04-S proposed by Contact regarding the rule 39 notification deadlines and the submission of zero data?</i></p>	<p>Nova questions the value of Rule 39 in the reconciliation process and believes that in the absence of any clear benefits that it should be deleted from the rules.</p> <p>The whole process of having to notify at what gates a retailer is trading at from one month to the next is a bureaucratic exercise with little value.</p> <p>If retailers do not submit volumes where they have customers then they are in breach of the rules and the consequences should follow.</p> <p>In terms of adding value through reconciliation accuracy we question the benefit of this given that once a retailer has one customer at a gate, there are no further obligations to continue to notify that there are additional customers.</p> <p>The rule tends to discourage trading of single customers in new areas and if anything (however minor) is a barrier to competition for new entrants.</p> <p>Our views are similar to the same rule that exists in the electricity industry.</p> <p>With the linkages to the new registry, identifying non-compliance of a retailer not submitting data at a gate that they have customers is more efficiently performed.</p> <p>Nova believes that the pragmatic solution to exempt everyone from compliance and delete the rule at the first opportunity.</p>