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Bas Walker
Gas Industry Company Limited
PO Box 10 646
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5 February 2009

Dear Bas,

**Submission on Exemption Applications under the Gas (Downstream
Reconciliation) Rules 2008**

On Gas Limited and Vector Gas Contracts Limited ("On Gas") welcomes the opportunity to provide comments to the Gas Industry Company ("GIC") on the five exemption applications under the Gas (Downstream Reconciliation) Rules 2008 ("the Rules").

The attached Appendix contains comments on the GIC's specific questions.

Thank you for considering this submission. If you have any queries, or require further information, please feel free to contact me at a.carrick@vector.co.nz or 04 803 9044.

Kind regards

Anna Carrick

Gas Portfolio Manager

Appendix A Recommended Format for Submissions

To assist Gas Industry Co in the orderly and efficient consideration of stakeholders' 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 on the exemption applications in their responses.

Submission from On Gas Limited and Vector Gas Contracts Limited, Anna Carrick

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>	On Gas supports the exemption of Stratford 3 from the Gas (Downstream Reconciliation) Rules 2008. On Gas agrees with the GIC that all direct connect gas gates should be treated the same in any exemption granted. On Gas believes the best way to deal with these sites is through an amendment to the definition of "Gas Gate." The definition should be reworded to ensure sites that are directly connected to the transmission system are not considered under the Rules.

Question	Comment
<p><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>	<p>On Gas supports the exemption application DR09-02-T and also supports DR09-05-T given the GIC's proposed "zero floor" approach for the calculation of GGRP values is used.</p> <p>On Gas does not support MRP being granted a "Standard" exemption as this proposal should not be a permanent solution. Rather the GIC should grant both exemptions as transitional and look to make a timely amendment to the Rules which would address the issue of negative GGRP values.</p> <p>On Gas can not foresee any area this exemption would have a substantial or negative impact on.</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>On Gas does not support exemption application DR09-03-T, until clarification is provided on several provisions. More specifically, On Gas considers that it is unclear how the allocation agent will handle sites that have switched from one retailer to another.</p> <p>For example, On Gas seeks clarification on what would occur if the following situation were to occur:</p> <p>On Gas submits consumption of 100 GJs to the allocation agent for one of its sites in January (with the injection quantity totalling 200). The site switches to a new retailer sometime during February and On Gas notifies the allocation agent that it is no longer using that gas gate. The new retailer submits '0' consumption for the month of February along with other retailers either not submitting or submitting zero, however, the injection quantity at the meter is known to be 100.</p> <p>In this situation, it is unclear from the exemption whether the allocation agent would accept the '0' submitted consumption or consider the previous retailer's submissions and perhaps explore the situation further.</p>
<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>On Gas is supportive of exemption application DR09-04-S given it follows the GIC's suggested solution for an extension to the timeframe outlined in rule 39. On Gas considers that the suggestion of the third business day seems reasonable. On Gas does not support Contact's suggestion that retailers should not have to provide notification under rule 39 prior to submitting consumption information. On Gas considers that this solution would only add to inaccuracies and further upstream implications.</p>