



Vector Limited
101 Carlton Gore Road
PO Box 99882, Newmarket
Auckland, New Zealand
www.vector.co.nz
Corporate Telephone
+64-9-978 7788
Corporate Facsimile
+64-9-978 7799

Ian Dempster
Gas Industry Company Limited
PO Box 10 646
Wellington 6143

25 June 2009

Dear Ian,

**Statement of Proposal: Minor Amendments to the
Gas (Downstream Reconciliation) Rules 2008**

1. On Gas Limited ("On Gas") welcomes the opportunity to submit feedback on the recently released Statement of Proposal: Minor Amendments to the Gas (Downstream Reconciliation) Rules 2008 ("SoP").
2. On Gas has provided responses to the GIC's specific questions in Appendix A. In addition, we have provided below some general comments.

General Comments

3. The Gas Downstream Reconciliation Rules 2008 (the "Rules") are now in their eighth month of operation. During this time, additional material has had to be provided that has assisted participants with the practical application of the Rules. This material has included:
 - The Allocation Agent Functional Specification;
 - Exemptions (transitional, urgent and standard);
 - Guideline notes; and
 - Determinations.
4. All of this supporting material has taken time and input from industry to develop and implement. On Gas therefore supports the GIC's initiative to make changes to the Rules to ensure they operate in a self-sufficient and enduring manner. To the greatest extent possible they should stand alone and not be dependent on this material, some of which is not enforceable by the Gas Governance (Compliance) Regulations 2008.

5. On Gas notes that the GIC has identified that a number of more substantive changes need to be made to the Rules. These are not considered in this SoP of "minor" rule changes. Rather the GIC intend to consider these in 2010 through a major policy review. On Gas' view is that the major policy review should take place sooner. Ideally, changes to the rules will be considered holistically rather than in a fragmented manner to ensure that they are achieving the intended outcome as efficiently as possible.

6. On the 26 May 2009 Vector submitted a number of Rule Changes to the GIC, which have yet to have been updated into the GIC Change Log. Can the GIC provide an estimate of when Vector's and other industry participants changes will be logged? An updated Change Log would have assisted in reviewing the "minor" changes proposed by the GIC.

7. 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 Template for Submissions

To assist Gas Industry Co in the orderly and efficient consideration of submitters' responses, a suggested format for submissions has been prepared an electronic copy of which is available on our website. This is drawn from the questions posed throughout this Statement of Proposal. Submitters are also invited to include any other comments in their responses to this Statement of Proposal.

Name of organisation: On Gas Limited

Contact person: Anna Carrick

Email address: a.carrick@vector.co.nz Phone: 04 803 9044

QUESTION	COMMENT
<p>Q1: In relation to the proposal to amend rule 45 to ensure that all residual injected gas quantities are allocated when no consumption information has been submitted:</p> <ul style="list-style-type: none"> • Do you agree or disagree with the proposal? Please provide reasons. • Do you have any comments on the specific drafting proposed? • Do you agree or disagree that the proposal meets the requirements of section 43N(3) of the Act? 	<ul style="list-style-type: none"> • On Gas agrees with the proposal to amend rule 45 as it reflects transitional exemptions, DR08-13-T and DR09-03-T. The allocation regime improves when the exemption is applied therefore it logical to adopt the change as a permanent solution. On Gas also notes that the GIC were aware of the need to amend the rule as the exemptions state that "the issue has arisen due to circumstances unforeseen in the policy development and the drafting of the Rules." • On Gas has not comments on the specific drafting proposed. • On Gas agrees that the proposal meets the requirements of s43N(3) of the Act.

QUESTION	COMMENT
<p>Q2: <i>In regard to the proposal to amend rules 31, 41 and 48 so that injection and consumption information and allocation reports can be provided at 1200 hours rather than 0800 hours:</i></p> <ul style="list-style-type: none"> • <i>Do you agree or disagree with the proposal? Please provide reasons.</i> • <i>Do you have any comments on the specific drafting proposed?</i> • <i>Do you agree or disagree that the proposal meets the requirements of section 43N(3) of the Act?</i> 	<ul style="list-style-type: none"> • On Gas agrees with the proposal to amend rules 31, 41 AND 48 as it reflects exemptions, DR08-15 to 18-S and DR08-28-T. On Gas has found there to be no material difficulty with the extended timeframe. • On Gas has not comments on the specific drafting proposed. • On Gas agrees that the proposal meets the requirements of s43N(3) of the Act.
<p>Q3: <i>In regard to the proposal to amend rule 25 so that Gas Industry Co is able to give notice of file formats for additional information exchanges required by the Rules:</i></p> <ul style="list-style-type: none"> • <i>Do you agree or disagree with the proposal? Please provide reasons.</i> • <i>Do you have any comments on the specific drafting proposed?</i> • <i>Do you agree or disagree that the proposal meets the requirements of section 43N(3) of the Act?</i> 	<ul style="list-style-type: none"> • On Gas agrees with the proposal to amend rule 25 to allow the industry body (GIC) to give notice in addition to the allocation agent. In On Gas' view, who the notification is coming from does not make a difference as long as the information is communicated in a clear and timely manner. • On Gas has not comments on the specific drafting proposed. • On Gas agrees that the proposal meets the requirements of s43N(3) of the Act.
<p>Q4: <i>In regard to the proposal to include a new subclause 26.4 which will enable the allocation agent to reasonably request any information required for its role:</i></p> <ul style="list-style-type: none"> • <i>Do you agree or disagree with the proposal? Please provide reasons.</i> • <i>Do you have any comments on the specific drafting proposed?</i> • <i>Do you agree or disagree that the proposal meets the requirements of section 43N(3) of the Act?</i> 	<ul style="list-style-type: none"> • On Gas agrees with the proposal to include a new subclause 26.4 to enable additional information to be provided to the allocation agent. • On Gas considers that additional wording could be added to state that the information asked for/provided is not commercially sensitive. • On Gas agrees that the proposal meets the requirements of s43N(3) of the Act.

QUESTION	COMMENT
<p>Q5: <i>In regard to the proposal to amend rule 39 to extend the deadline for the provision of trading notifications:</i></p> <ul style="list-style-type: none"> • <i>Do you agree or disagree with the proposal? Please provide reasons.</i> • <i>Do you have any comments on the specific drafting proposed?</i> • <i>Do you agree or disagree that the proposal meets the requirements of section 43N(3) of the Act?</i> 	<ul style="list-style-type: none"> • On Gas agrees with the proposal to amend rule 39 as it reflects both the processes found in the Allocation Agent Functional Specification as well as the timing used in exemption DR09-04-S. On Gas believes that the adoption of this proposal will have no material impacts. • On Gas has not comments on the specific drafting proposed. • On Gas agrees that the proposal meets the requirements of s43N(3) of the Act.
<p>Q6: <i>In relation to the proposal to amend rules 5, 30, 41, 44, 45, and 48-50 to better reflect the role of TSOs and transmission arrangements in the downstream allocation process:</i></p> <ul style="list-style-type: none"> • <i>Do you agree or disagree with the proposal? Please provide reasons.</i> • <i>Do you have any comments on the specific drafting proposed?</i> • <i>Do you agree or disagree that the proposal meets the requirements of section 43N(3) of the Act?</i> 	<ul style="list-style-type: none"> • On Gas agrees with the proposal to amend rules 5, 30, 41, 44, 45, and 48-50 as it reflects both the processes found in the Allocation Agent Functional Specification currently being followed. • On Gas considers that the definition of 'transmission services agreement' should be the same as used in the Vector Transmission Code. • On Gas agrees that the proposal meets the requirements of s43N(3) of the Act.
<p>Q7: <i>In relation to the minor drafting changes proposed in section 3.7:</i></p> <ul style="list-style-type: none"> • <i>Do you agree or disagree with the proposals? Please provide reasons.</i> • <i>Do you have any comments on the specific drafting proposed?</i> • <i>Do you agree or disagree that the proposals meets the requirements of section 43N(3) of the Act?</i> 	<ul style="list-style-type: none"> • On Gas agrees with all of the minor drafting changes proposed in section 3.7. • On Gas has not comments on the specific drafting proposed. • On Gas agrees that the proposal meets the requirements of s43N(3) of the Act.
<p>Q8: <i>Are there any other potential rule changes which are minor and insubstantial in nature, that you would like to see?</i></p>	<p>See Vector Limited's submission of 26 May 2009 on the Recommended Rule Changes to the Gas (Downstream Reconciliation) Rules 2008.</p>

QUESTION	COMMENT
<p><i>Q9: Do you have any comments on the drafting of any other aspects of the proposed rule amendments attached as Appendix A? Where appropriate, please provide a marked-up copy of the rule amendments (note a Word version is available on Gas Industry Co's website for this purpose)</i></p>	<p>No further comment.</p>