



**Proposed Determinations and
Notifications Under Gas (Downstream
Reconciliation) Rules 2008 and
Implementation Matters**

***Powerco's submission to Gas Industry
Company***

25 June 2008

1. **Introduction**

- 1.1 Thank you for the opportunity to present comments on the consultation paper Options for Switching for the New Zealand Gas Industry.
 - 1.2 Powerco is one of only two dual energy network companies operating in New Zealand. We have the second largest electricity distribution network and the largest gas distribution network measured by number of customer connections. We operate 5 gas networks located in Taranaki, Hutt Valley Porirua, Wellington, Manawatu-Horowhenua and Hawkes Bay with an overall network length of approximately 5,350km.
2. Below are comments on the specific questions raised by the Gas Industry in relation to this consultation. If you have any questions regarding our comments please do not hesitate to contact Karen Frew on 06 759 6562.

Question	Comments
<p>Q1 Do submitters have any general comments on the proposed file formats, including any comments on the general issues considered by the IEFFWG on the Gas Industry Co in the development of the proposed file format? Are there any additional file formats that the submitters consider are required?</p>	<p>Powerco agrees with the general comments made by the Gas Industry Company in the consultation document. However we make the following comments:</p> <p><i>1.Requirements to submit data</i></p> <p>The Reconciliation Manager for Electricity created a trading notification guideline and a trading notification form prior to the commencement of Part J of the EGR rules. The information contained in the form included the gas gate (i.e where gas would flow from), the network owner, the reconciliation type (whether it was grid connected, or a grid generator etc), the trading period date and time and the ending period date and time (if ceasing to trade). Similar guidelines and a trading form should be developed by the Gas Industry Company.</p> <p><i>2. DET and HDR in the file</i></p> <p>Powerco supports the inclusion of both DET and HDR in the file format fields. DET and HDR are common in most file formats in electricity between retailers and distributors (i.e EIEP suite developed by the Electricity Commission). However, DET and HDR lines were omitted in Electricity Reconciliation, but were included in the registry files. Other Gas file formats like GIEP1 (provision of billing data) and the GANZ protocol for disconnections (GIP001) includes both a DET and HDR line. It is our view that these lines should be included in the formats as they increase the readability of the files.</p>

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	<p>3. Information to Distributors</p> <p>As discussed with the Gas Industry Company, Powerco would like to receive formats GIEP 24 and 30. These reports are helpful to ascertain whether the information provided by the retailer to support gas lines billings is in line with the information provided by the retailer for allocation purposes. Historically there have been large discrepancies with the data provided (as illustrated below) making it difficult to decide which data set is “least wrong” when identifying UFG anomalies.</p> <p><u>UFG Calculated using AA Data and Network Billing Data</u></p> <table><tr><th><u>Network</u></th><th><u>Powerco</u></th><th><u>Allocation Agent</u></th></tr><tr><td>Taranaki</td><td>8.23%</td><td>1.61%</td></tr><tr><td>Hutt Valley,</td><td></td><td></td></tr><tr><td>Porirua</td><td>3.74%</td><td>4.78%</td></tr><tr><td>Hawkes Bay</td><td>2.82%</td><td>3.50%</td></tr><tr><td>Manawatu</td><td>6.13%</td><td>4.39%</td></tr><tr><td>Wellington</td><td>4.24%</td><td>7.77%</td></tr></table> <p>Under Part J Schedule 4 of the Electricity Rules, distributors have access to substantial amounts of information from the reconciliation process that are useful for identifying any data irregularities. These reports have been valuable for identifying trends or deviations from the norm.</p> <p>Whilst we acknowledge that the Gas rules do not specifically relate to billing alignment, access to GEIP24 and GIEP30 data will enable us to</p>	<u>Network</u>	<u>Powerco</u>	<u>Allocation Agent</u>	Taranaki	8.23%	1.61%	Hutt Valley,			Porirua	3.74%	4.78%	Hawkes Bay	2.82%	3.50%	Manawatu	6.13%	4.39%	Wellington	4.24%	7.77%
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	focus on data deviations and gives us a starting point to start to internally investigate anomalies or if necessary under instigate an audit under rule 66.1
Q2. Do submitters have any comment on GIEP20 including the additional issues considered in the development of GIEP20?	<p>We agree with the proposed format for GIEP20 including the ICP count as a placeholder record. Having a count of group 4 and 6 ICP's will be useful to identify large scale deviations between ICP's recorded on the registry and submitted for reconciliation.</p> <p>Reserving the field in the format as a placeholder in lieu of a rule change will save IT costs to add it later. Furthermore unlike electricity where the protocols are changed periodically, it will eliminate the probability of participants using different versions of the file format.</p>
Q3 Do submitters have any comments on GIEP21?	<p>We agree with the proposed file format for GIEP21.</p> <p>We note under rule 30.3.1 that if a retailer is unable to provide data for allocation groups 1 and 2 they can provide an estimate and advise the Allocation Agent that the data is estimated. Looking at the file format, there is no provision for this in the file format.</p>
Q4 Do submitters have any comments on GIEP22?	Rule 31.3, 32.3 and 33.3 states that the volume supplied in this file format is the daily aggregated estimated energy quantities. However the file format does not have a "consumption day" row.
Q5 Do submitters have any comments on GIEP23 or the additional issues considered in the development of GIEP23?	<p>We agree with the proposed file format for GIEP23, but recommend that the data is validated by gas gate like the equivalent rule in electricity (EGR rules Part J rule 5.4.1)</p> <p>Adding the gas gate is sensible to ensue that ICP's in areas where the retailer has low market share are read regularly. This will be distorted without the gas gate being identified.</p> <p>We believe the cost of this inclusion is unlikely to be expensive given</p>

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	that it is a current requirement in electricity.
Q6 Do retailers prefer, from an operational perspective, the provision of meter reading frequency information annually or monthly?	N/a
Q7 Do submitters have any comments on GIEP24?	We agree with the proposed file format for GIEP24. As mentioned in Q1 we would like to receive this file.
Q8 Do submitters have any comments on GIEP25?	We agree with the proposed file format for GIEP25.
Q9 Do submitters have any comments on GIEP26?	Rule 46.4 states that the Allocation Agent will publish the results of the monthly UFG factor (GIEP25) and the annual UFG factor (GIEP26). However we note that file format shows that GIEP26 is provided only to retailers yet GIEP25 is provided to all reconciliation participants. We assume that all reconciliation participants will get both files.
Q10 Do submitters have any comments on GIEP27?	We agree with the proposed file format for GIEP27.
Q11 Do submitters have any comments on GIEP28?	We agree with the proposed file format for GIEP28.
Q12 Do submitters have any comments on GIEP29?	We agree with the proposed file format for GIEP29.
Q13 Do submitters have any comments on GIEP30?	We agree with the proposed file format for GIEP 30 and with the GIC's intention to provide this file format to distributors. This file is useful for distributors who follow the Allocation Agent Wash-up cycle to compare network billing wash-ups with initial submissions, as similar levels of variation should be evident.
Q14 Do submitters have any comments on GIEP31?	We agree with the proposed file format for GIEP31.
Q15 Do submitters agree with the +/- 15% percentage of error that Gas Industry proposes to determine under rule 37.3? If not, please explain	Powerco agrees that +/-15% is acceptable for the first year of allocation and reconciliation, however this is the highest level of error that should be allowed.

Question	Comments
why and propose a different percentage with supporting information and reasons.	
Q16 Do submitters have any general comment to note on the choice of a percentage error between +/- 10% and +/- 20%?	N/a
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?	Powerco has no comment in relation to this matter.
Q18 Do submitters have any comments on the proposed grouping of gas gates for the purpose of the reconciliation rules? Are there any other gas gates that need to be considered as a group for the purpose of the Reconciliation Rules?	Powerco agrees with these groupings and is not aware of any others which should be reconciled as a group.
Q19 Gas Industry Co notes that the application of the Reconciliation Rules is not limited to the shared gas gates. Are there any gas gates that should be validly exempt from the rules? If so, why?	Powerco is not aware of any shared gas gates which should be exempt from the rules.
Q20 Transmission owners are asked to provide their views on the discussion regarding the implantation of rules 41 and 42 and respond to the question asked above of them.	N/a
Q21 Do submitters have any views on the Gas Industry Co's proposed timing for the provision of estimated day-end volume injection quantities each day (i.e 10am and 4pm) or any other comments on	Powerco has no comment in relation to this matter.

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the proposed implementation of rules 41 and 42?	
<p>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?</p>	<p>Powerco currently receives reconciled monthly and washed-up GJ quantities for each contestable gas gate by retailer in an excel format from the Allocation Agent. This report is used to compare reconciled quantities with the DDR's (Daily Delivery Reports) from Vector Transmission which shows the daily corrected volume, CV value and delivered volume. Any differences between the Allocation Agent's allocations and the DDR's are investigated.</p> <p>Rule 53.2 states that the Allocation Agent will publish a report similar to the above request and this will be available on the Allocation Agents website. However, we are not yet aware of how this information is able to be obtained by us (i.e can we download it). If this published report is suitable for our needs, then the above report requirement is redundant.</p> <p>In relation to reconciliation participants requesting the Allocation Agent to produce a specific report, as long as it is appropriate for that participant to receive that information, then we see no reason why it can not be provided.</p> <p>It may be useful for the GIC to monitor ad-hoc reports requests as if similar reports are requested the GIC could instigate a rule change or change to the Allocation Agent service agreement.</p>
<p>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?</p>	<p>Powerco has no comment.</p>
<p>Q24 Do submitters have any comments on the proposed process by which the allocation agent</p>	<p>Powerco has no comment.</p>

Question	Comments
should be advised by retailers of changes to Vectors supplementary contract codes?	
Q25 Do submitters have any comments on the proposed notification form and process?	See comments in Q1.
Q26 Do submitters have any comments on the definition of “gas measurement system” in the context of the definition of “gas gate”.	<p>Powerco considers that this definition is incorrect. A “Gas Gate” is the point of connection between a gas transmission system and a gas distribution system.</p> <p>A district regulating system is a point of connection between two gas distribution systems.</p>
<p>Q27 To assist Gas Industry Co’s analysis Gas Industry Co requested participants to provide information relevant to the following:</p> <ol style="list-style-type: none"> 1. An estimate of the number of third party gas measurement system connections; 2. An estimate of the number (if any) of instances where a third party owns the meter, but not the whole gas measurement system; and 3. Any other information from participants where they have previously considered the issue of gas measurement systems or meter ownership in the context of the Gas Act definition of a “distribution system”. 	<p>Powerco advises:</p> <ol style="list-style-type: none"> 1. Powerco has approximately 105,000 ICP connections on our network, and of these connections approximately 49,000 have a Powerco GMS’s. 2. Powerco is currently working towards their being no cases where another party owns the meter or corrector but not the GMS. Currently we believe that there is only one case of this occurrence on our network and steps are being taken to rectify this 3. Powerco has sought a legal opinion regarding the liabilities associated with third parties owning the GMS within the distribution system. Our legal opinion suggests that Powerco is still liable for the safe operation of this equipment as it is within the “Distribution System”. The distribution system is deemed to be the network between the gas gate and the outlet of the GMS.
Q28 Do submitters have any comments on any of the other implementation matters detailed in Part 4 of the paper?	Powerco has no comment on this matter.

Question	Comments
Q29 Do submitters have any comments on the migration from the current industry arrangements to the allocation arrangements provided under the Reconciliation Rules?	Powerco has no comment on the migration of allocation arrangements.
Q30 Other comments?	<p>There are some general tidy-ups needed for the formats including:</p> <ul style="list-style-type: none"> • GIEP 20 and GIEP 27 have the Allocation group as 1 character, GIEP21 and GIEP22 have 2. • GIEP 29 and GIEP 30 have the file type as character 6 but the example has 7 characters. • GIEP 30 does not have the size of the field in the type for the number of records, this should be "Num (2)".