



Better together.

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**TRUSTPOWER SUBMISSION:
Consultation on special allocations to replace initial with D + 1 allocation results.**

Trustpower thanks The Gas Industry Company (GIC) for the opportunity to submit on the Consultation on special allocations to replace initial with D+1 allocation results.

Trustpower believes that the proposal will provide some benefit to participants with imminent implementation of Market Based Balancing (MBB) on the Maui Pipeline, but we have some concerns about the rushed implementation of the process, and the accuracy of the results. Trustpower does not believe that the implementation of D+1 represents good practise, particularly in light of the significance it may have on the cost of gas for a participant, but appreciates that the GIC is attempting to balance providing timely information to participants in light of the rapid implementation of MBB.

Since the start of the trial of D+1 allocations, Trustpower has been closely monitoring the results in each allocation region. Whilst the results are accurate for some regions, it appears to incorrectly estimate allocations in regions where a retailer's customer base is changing rapidly. Ideally there would be a longer lead time before the implementation of D+1 allocations to ensure the industry has confidence that the D+1 allocation is representative of the final allocation.

Trustpower is concerned with the deployment of a process which may influence how participants manage the pipeline. In our view this raises the spectre of unintended consequences. To ensure that the implementation of special allocations does not cause any wider issues, there should be a more formal testing process, which has not happened due to the short lead time of MBB. The issues of MBB and the rapid implementation are not issues that downstream participants have not previously raised with the GIC and Maui development Limited (MDL).

Due to the imminent implication of MBB, Trustpower cautiously accepts that the D+1 allocations should replace the initial allocation. We believe that the GIC needs to be carefully monitoring the results, and be prepared to move quickly to modify the allocation process or to roll back to Initial allocations should any issues arise.

For any questions relating to the material in this submission, please contact me on 07 572 9888.

Regards,

CRAIG SCHUBAUER

WHOLESALE MARKET MANAGER

Special Allocation to replace initial with D+1.docx