



**Vector Limited**  
101 Carlton Gore Road  
PO Box 99882, Newmarket  
Auckland 1149, New Zealand  
[www.vector.co.nz](http://www.vector.co.nz)  
Corporate Telephone  
+64-9-978 7788  
Corporate Facsimile  
+64-9-978 7799

Ian Dempster  
Principal Adviser - Markets  
Gas Industry Company Limited  
PO Box 10-646  
Wellington 6143

1 October 2009

Dear Ian

**SUBMISSION ON THE REVOCATION OR VARIATION OF EXEMPTIONS  
UNDER THE GAS (DOWNSTREAM RECONCILIATION) RULES 2008**

Vector Limited welcomes the opportunity to submit on the GIC consultation paper on the revocation or variation of exemptions under the Gas (Downstream Reconciliation) Rules 2008 (**Rules**).

We have considered the five proposed notices of revocation or variation under the Rules and confirm that we have no objection to those notices.

However, we have proposed some minor technical changes to DR09-09-S: Injection Information Notice, for your consideration. These changes are indicated in our response to Question 5 of the submission form.

Thank you for considering this submission. If you have any queries, or require further information, please feel free to contact me at [John.Rampton@vector.co.nz](mailto:John.Rampton@vector.co.nz) or 04 803 9036.

Kind regards

**John Rampton**

Manager Industry Governance and Policy

# 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 in their responses.

Submission from: Vector Limited

Contact: John Rampton ([John.Rampton@vector.co.nz](mailto:John.Rampton@vector.co.nz), 04 803 9036)

Question	Comment
<p><i>Q1: Do submitters have any objection to the proposal to revoke <u>Transitional exemption (DR08-13-T: Group 1, 2, 3, and 5 Consumer Installations) Notice 2008?</u></i></p>	<p>No comment.</p>
<p><i>Q2: Do submitters have any objection to the proposal to revoke <u>Transitional Exemption (DR09-03-T: Residual Injection Quantity Allocation) Notice 2009?</u></i></p>	<p>No comment.</p>
<p><i>Q3: Do submitters have any objection to the revocation of <u>Transitional Exemption (DR09-08-T: Gas Gate Residual Profile) Notice 2009?</u></i></p>	<p>No comment.</p>
<p><i>Q4: Do submitters have any objection to the proposal to revoke <u>Exemption (DR09-04-S: Gas Gate Trading Notification) Notice 2009?</u></i></p>	<p>No comment.</p>

Question	Comment
<p><i>Q5: Do submitters have any objection to the proposal to amend <u>Exemption (DR09-09-S: Injection Information) Notice 2009</u>, as set out at Appendix G, so that the redundant rule 41 arrangements are deleted?</i></p>	<p><b>Proposed amendments to Appendix G:</b></p> <p><b>Heading.</b> This should not include the term "Variation" as DR09-09-S is revoked by clause 4(c). Accordingly, that current notice will not remain in force in order to be varied.</p> <p><b>Authority.</b> The reference to rule 20 should be deleted. Rule 20 only relates to urgent exemptions, and it does not appear that the new exemption notice is urgent due to the consultation on the Notices. The new exemption notice is described as a standard exemption, not an urgent one (see comment below regarding clauses 4(c) and 4(d)).</p> <p><b>Clause 4(a).</b> The first sentence is already covered by clause 4(b) and should be deleted. The second sentence has no relevance to the continuation of the exemption for rule 42 and should also be deleted. Further, the urgent exemption notice granted on 30 June 2009 is revoked by clause 4(c) of this new variation notice. The reference to "continue" therefore is redundant and should be deleted.</p> <p><b>Clauses 4(c) and 4(d).</b> These appear to be in conflict. Paragraph (c) revokes the Urgent Exemption Notice of 30 June 2009, whereas paragraph (d) states that this Exemption varies the same Notice. We recommend that clause 4 be amended to read, along the following lines:</p> <p>4. Reasons for granting standard exemption</p> <p>(a) The terms and conditions of the Gas (Downstream Reconciliation) Rules 2008 (Exemption DR09-09-S: Injection Information) Notice 2009, granted on 30 June 2009 and relating to rule 41, are now redundant under the minor rule amendments in the <i>Notice of Making of Amendments to the Gas (Downstream Reconciliation) Rules 2008</i> (New Zealand Gazette, 3 September 2009, No. 7317, page 3058).</p>

Question	Comment
<p>Q5 (continued)</p>	<p>(b) An exemption in respect of rule 42 is appropriate given that transmission owners are unable to comply, without incurring significant costs, with the requirements of that rule:</p> <ul style="list-style-type: none"> <li>(i) for gas gates without telemetry; and</li> <li>(ii) on non-business days for gas gates with telemetry but without live SCADA data.</li> </ul> <p>While the aim to establish greater transparency of the full costs of balancing and reconciling gas remains, this information is not required for the month-end allocation and reconciliation processes set out in the Rules. Requiring full compliance with rule 42 is likely to lead to increased upstream costs for allocation participants.</p> <p><b>Clause 4(c).</b> If clause 4 is rewritten, this revocation clause should be renumbered as new clause 5.</p>