

Appendix 4: 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 an electronic copy of which is available on our website. This is drawn from the questions posed throughout this Statement of Proposal.

Respondents are also invited to include any other comments in their responses to this Statement of Proposal.

Questions	Comments
<p>Q1: Do submitters have any general comments on the proposal or the process adopted by Gas Industry Co?</p>	<p>The proposal goes a long way to addressing the issues raised in previous discussion documents. The process has allowed for a wide period of consultation and industry input/feedback.</p>
<p>Q2: Do submitters have any comments on the analysis and findings in the Energy Acumen report?</p>	<p>A countback on corrections written shows 86% where the gate volume is unchanged, (ie. only 14% where gate volume changes). So the comments regarding most issues involving the redistribution of charges is correct, with the quantum of mismatch or balancing gas remaining unchanged.</p>
<p>Q3: Do submitters agree that, provided compliance with the conversion processes in NZS 5259:2004 is mandated, it is inappropriate to introduce a standardised billing methodology at this time?</p>	<p>Mandating compliance with the conversion processes of NZS5259, along with the improved frequency of meter reads, should in itself see improvement in the UFG% levels.</p> <p>Are MOED auditing retailer's compliance with NZS5259? Part of this audit is in regard to the billing conversions processes, but another part must also focus on the equipment at the end consumer's premises, ie frequency of meter accuracy testing, the pressure regulator settings and maintaining those settings.</p> <p>The later introduction of a standardised billing methodology may achieve very little in the way of any improvement in UFG%s.</p>

Questions	Comments
<p>Q4: Do submitters have any comments on Gas Industry Co's proposed method of global allocation which would cap the UFG allocated to allocation groups 1 and 2?</p>	<p>This question differs from that in the body of the text. Cap the UFG or fix the UFG? The proposal seems to be for fixing at previous years interim allocation rates to Feb, in July of that year. I think this fixing seems to be the best approach to avoid the UFG%s being too much in the past and unrelated to the current situation.</p> <p>Also, when using the national average UFG, there will be "rate shock" for TOU sites for many regions, eg Manawatu goes from 0.42% to 2.45%, many old NGCNetworks areas will go from 0.00 to 2.45%.</p>
<p>Q5: Do submitters have any comments on the proposed transitional arrangements?</p>	<p>At the end of the 2 year transistional period, if nothing has been done about investigating and resolving the high UFGs at some networks, there will still be "rate shock", eg TawaA goes from 2.50% to 2.45 to x.xx to 7.88%.</p> <p>I suspect that gate specific rather than national average UFGs should be used across the transitional period, however further intensive calculations are required to confirm this theory.</p> <p>Also, as the incumbent retailers have expressed their hurt regarding being dealt a larger portion of the UFG now, there needs to be a method whereby they don't have to wait til the end of 2010 for relief. Is it possible to use consumption data from incumbents now to begin deriving the new transitional UFG%s to apply in the 2008/2009 gas year?</p>
<p>Q6: Are the proposed exemption provisions appropriate? Do submitters envisage that, if the proposal is implemented, they would seek an exemption? If so, please provide details.</p>	<p>Yes, these are appropriate. From an Alloc Agent perspective, we would seek exemptions and provide supporting evidence in cases where we believe the existing method is unfair or inequitable.</p>

Questions	Comments
Q7: Do submitters have any comments on the cost-benefit analysis, including any comment on NZIER's report attached as Appendix 5?	On page 11 of NZIER report, under productive efficiency, their calculations apply to 48 PJs, but in reality 31.5 PJs are being allocated and reconciled annually (as not all gates are shared, and many gates have just one large customer).
Q8: Do submitters agree with the funding options for the proposal? If not, please state your reasons.	Yes
Q9: Do submitters agree with the allocation of costs for the proposal? If not, please state your reasons.	Yes. I also agree that costs should be apportioned by volume, rather than by number of ICPs.
Q10: Do submitters have any comments on the proposed rules attached at Appendix 6? If appropriate, please provide a marked-up copy of the rules (a Word version is available on Gas Industry Co's website for this purpose).	Not yet. Still coming to grips with the timing of reports, and whether all the necessary input data is available beforehand and if there is sufficient time to produce and analyse the reports by the deadlines proposed. Eg 50.1
Q11: Do submitters have any comments on the proposed compliance arrangements? If appropriate, please provide a marked-up copy of the regulations (a Word version is available on Gas Industry Co's website for this purpose).	Looks good.

Correction to 6.19 on page 37:

"The current loss factors, which range from 0.00% to 3.16%,... should be corrected to "The current UFG%, which range from -0.72% to 3.16%,"

Correction to 6.19 Point 12, at the bottom of page 37:

Three gates were shown with incorrect UFG%s. The first 3 below are gains, not losses, (and so have a negative sign). Belmont was not shown previously.

Mt Maunganui (-0.72%), Rotorua (-0.70%), Whakatane (-0.16%), Belmont (0.50%)

Regarding 8.40 & 8.41:

These timeframes do not give the Alloc Agent any extra time to perform allocations. The initial allocation has to occur between 8am 4th business day and 8am 5th business day, ie within 24 hours, as under Rec Code. The interim and final allocations have to occur between 8am 10th business day and 8am 12th business day, which means 2 full re-allocations in 48 hours. The urgency of the initial allocation comes from upstream billing requirements. Why the same urgency to interim and final allocations?