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27 June 2008

**SUBMISSION ON PROPOSED DETERMINATIONS AND NOTIFICATIONS  
UNDER GAS (DOWNSTREAM RECONCILIATION) RULES 2008 AND OTHER  
IMPLEMENTATION MATTERS**

1. Vector welcomes the opportunity to submit on the Consultation Paper Proposed Determinations and Notifications under Gas (Downstream Reconciliation) Rules 2008 and other implementation matters. At a high level, Vector continues to support the GIC's commitment to solving downstream gas reconciliation issues and the steps being taken to facilitate feedback from industry participants to reduce issues arising from implementation of the rules.
2. Having expressed support, Vector believes there are a number of concerns that remain unresolved from prior submissions that have led to unnecessary complications in the regulations. These concerns are likely to lead to a sub optimal implementation of the Downstream Reconciliation Rules and consequent increased risk of unintentional and unnecessary breaches by participants. In the interests of reaching an optimal outcome, Vector would urge the GIC to investigate the issues raised in this submission with an open mind to potentially changing the rules should this be the most appropriate if not the most convenient means of resolution.
3. Please find Vector's answers to the questions raised in the consultation paper attached as Appendix A. The template response will address the issues raised by the GIC; but we also use this submission to draw the GIC's attention to other issues not captured in the original set of questions.

**Commitment to Confidential Information**

4. Vector has a contractual obligation to ensure confidential information remains as such. Consequently, Vector would encourage the GIC to more fully inform industry participants on how their data will be handled by the Allocation Agent in terms of confidentiality. Improved outcomes would result from a more comprehensive addressing of confidentiality issues.

5. To be more specific, Vector defines confidential information as including but not limited to the following:
  - The provisions of an agreement (TSA/SA);
  - Metering Data or other site information;
  - Financial Information; and
  - Information on the private screens of OATIS (accessible only with permissions).

### **The Function and Quality of Data**

6. Vector fully supports the GIC's efforts to standardise data formats and believe it will lead to a more equitable allocation of unaccounted for gas. Vector recognises the need to improve the quality of information; however, the lack of a central registry, or equivalent database of record at this point in time reduces the efficacy of this process and is one of the most significant impairments to the quality of data provided to the Allocation Agent.
7. To a large degree Vector is satisfied with the file formats notwithstanding what we have noted in this submission on the proposed information exchange file formats found in Appendix A. However, significant issues remain outstanding that impact the outcomes being sought:
  - a) The creation of a central registry or database of record
  - b) How data for estimation purposes is being calculated by retailers
8. In support of the first point Vector spends considerable time and resources continually resolving incorrect information passed to us by retailers including but not limited to situations where:
  - ICPs are with incorrect retailers;
  - ICPs being switched up to a year after the new retailer began reporting consumption;
  - Volume information is missing; and
  - Meters are incorrectly listed with an ICP.
9. As a result of the above discrepancies in data implications to the industry exist such as decreased or incorrectly assigned revenue, an increased number of corrections and unsolvable UFG, all of which should be of concern to the GIC.
10. On the second point, to date the GIC has not prescribed how estimated consumption data should be collated by the retailer. Vector believes this failing presents the Allocation Agent with a larger task than is necessary.
11. Vector is concerned that the estimation methods will not be quality checked. Although rule 29 provides the Allocation Agent with reassurance that non-TOU meters are being read at least every 12 months, Vector still feels that the reads are too infrequent to change retailers' behaviours.

12. Vector still stands by its response to the GIC's paper on 23 February 2007, 'all retailers should conduct meter reads on the minimum bi-monthly basis. While it is difficult for all meters to be read in one cycle, 95% of reads in this period is not unreasonable, and would provide added value in correcting seasonality estimation issues.'<sup>1</sup>

### **Actual Implementation of New Allocation Rules**

13. Vector recognises the amount of work involved in implementing the new allocation rules. In recognition of this significant workload, Vector requests that the GIC involve industry participants in designing checks and balances to ensure the allocation process is running smoothly from the implementation on 1 October 2008.
14. Vector proposes that the GIC allows for a two month testing period which will allow the Allocation Agent to sufficiently test the new data transfer processes, the allocation algorithms, and the operation of the website. Finally, after all 'kinks' have been smoothed out the 'Go-Live' date can be made official.
15. The above recommendation for a testing period should also include time for the Allocation Agent to be trained in using OATIS. The GIC will need to identify how it will provide for such resources accordingly. Vector suggests that the GICX will need to budget for training any new Allocation Agent on behalf of the industry.
16. The potential situation of having two allocation agents working for the industry at the same time could arise. There will undoubtedly be wash-ups to be allocated prior to 1 October 2008. These are currently the responsibility of the outgoing Allocation Agent. It is unclear as to how this transition period will be handled, what costs will be incurred, and how these will be apportioned between participants.
17. Thank you for considering this submission. If you have any queries, or require further information, please feel free to contact me at [ewan.gebbie@vector.co.nz](mailto:ewan.gebbie@vector.co.nz) or 04 462 8657.

Kind regards



**Ewan Gebbie**

Group Manager Regulatory Performance

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<sup>1</sup> Submission on the Discussion Paper Regarding Reconciliation of Downstream Gas Quantities Dated 11 January 2007. Appendix Question 5.

# Appendix A Recommended Format for Submissions

To assist the 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 on the proposed Determinations in their responses.

## Consultation on the proposed File Formats (submissions due Friday, 27 June 2008)

Submission prepared by: Vector (Transmission and Distribution), Ewan Gebbie, Group Manager Regulatory Performance

Question	Comment
<i>Q1: Do submitters have any general comments on the proposed File Formats, including any comments on the general issues considered by the IEFFWG and Gas Industry Co in the development of the proposed File Formats? Are there any additional File Formats that submitters consider are required?</i>	<p>Bullet point 3 – Single month data. Vector disagrees with the concept of a file containing data for several consumption periods. The work of the Allocation Agent is made more difficult if there is no ready means of identifying which files (or how many files) contain part or all of the retailer's submissions for a particular month. We believe that this will add cost and potential errors to the reconciliation process. We recommend that the header record should have a unique identifier (batch name for example) and also contain a field for consumption period. Each detail record should also contain the same identifier.</p> <p>Last bullet point – Information for Distributors. Vector strongly supports making GIEP25, GIEP27, GIEP30, and GIEP31 available to distributors, as it enables distributors to actively participate in processes to identify and minimise Unaccounted for Gas. In particular it enables distributors to reconcile energy volumes used for calculating distribution charges to reconciled energy volumes, and identify discrepancies. The provision of this data to distributors should not give rise to any issues of confidentiality, as retailers are already required to provide energy volumes to distributors under Use of Systems agreements.</p>
<i>Q2: Do submitters have any comment on GIEP20, including the additional issues considered in the development of GIEP20?</i>	<p>The ICP count should be included, and GIC should work towards making this field mandatory. To ensure that all ICPs are accounted for continuously, GIC should consider a rule change to mandate the provision of an "ICP days", count, as in the Electricity reconciliation process. This gives the Allocation Agent a valuable tool for ensuring that complete data is submitted by participants.</p>
<i>Q3: Do submitters have any comments on GIEP21?</i>	<p>Vector has no issue with GIEP21.</p>
<i>Q4: Do submitters have any comments on GIEP22?</i>	<p>Vector has no issue GIEP22.</p>

Question	Comment
<i>Q5: Do submitters have any comments on GIEP23 or the additional issues considered in the development on GIEP23?</i>	Vector has no issue with GIEP23 and has no additional issues with the further developments of the report.
<i>Q6: Do retailers prefer, from an operational perspective, the provision of meter reading frequency information annually or monthly?</i>	Vector can provide the data monthly or annually but preference is annually to reduce the amount of reporting required on a monthly basis.
<i>Q7: Do submitters have any comments on GIEP24?</i>	Vector has no issue with GIEP24.
<i>Q8: Do submitters have any comments on GIEP25?</i>	Vector has no issue with GIEP25.
<i>Q9: Do submitters have any comments on GIEP26?</i>	Vector has no issue with GIEP26.
<i>Q10: Do submitters have any comments on GIEP27?</i>	Vector supports the provision of GIEP27 to distributors, as it will allow distributors to reconcile allocated volumes to energy volumes on which distribution charges have been calculated. This reconciliation will assist in identifying and thus minimising UFG.
<i>Q11: Do submitters have any comments on GIEP28?</i>	No comment.
<i>Q12: Do submitters have any comments on GIEP29?</i>	No comment.
<i>Q13: Do submitters have any comments of GIEP30?</i>	Vector supports the provision of GIEP30 to distributors, as it provides distributors with an additional tool to account for discrepancies between allocated volumes, and energy volumes on which distribution charges have been billed. This reconciliation will assist in identifying and thus minimising UFG.
<i>Q14: Do submitters have any comments on GIEP31?</i>	Vector supports the provision of GIEP31 to distributors, as it provides distributors with an additional tool to account for discrepancies between allocated volumes, and energy volumes on which distribution charges have been billed. This reconciliation will assist in identifying and thus minimising UFG.