

## Appendix A: 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 throughout the body of this discussion document.

Respondents are also free to include other material in their responses.

### Recommended Format for Submissions

QUESTION	COMMENT
<b>Q1</b> Do you agree that it is sensible to divide the issues (with the downstream and upstream allocation arrangements) into short-term and long-term issues and to advance the short-term issues ahead of the long-term ones?	Yes, however care must be taken to ensure that the short term outputs integrate with the long term objectives.
<b>Q2</b> Do you agree that compliance with existing arrangements for downstream allocation is poor?	<p>We don't actually know. We have no evidence with which to draw any conclusion on whether compliance is good or bad.</p> <p>WGL would suggest that the GIC take ownership of the Reconciliation Code and once this is established initiate an audit to determine the level of compliance and/or non-compliance. Once this is established on facts rather than opinions positive decisions can be made about the short and long term developments of the Reconciliation Code.</p>
<b>Q3</b> Do you agree that governance arrangements (e.g. code modification processes, dispute resolution processes) are not working effectively? Please provide any specific examples that demonstrate your view.	Difficult to comment on as to the best of our knowledge no attempts have been made to change the Code since the Reconciliation Code Working Group was disbanded. However if we wanted to propose changes to the Code we do not know how we would do this in the current environment.

QUESTION	COMMENT
<p><b>Q4</b> Do substantial difficulties arise as a result of the need for all shippers at a gate station to agree who to appoint as the allocation agent?</p>	<p>No not to our knowledge, however there is currently only one Allocation Agent operating in the industry at the moment.</p> <p>The last change to an Allocation Agent was related to the NGC networks and the difficulties there were in our opinion a resulted from the poor coordination in arranging the switch .</p>
<p><b>Q5</b> Do you agree that the Gas Industry Co should implement a regime where the Gas Industry Co becomes the single industry body responsible for appointing an allocation agent (or allocation agents)?</p>	<p>Neutral on this. We would agree so long as the process was contestable, transparent and produced a cost structure that was better or as a minimum no worse than what we pay now.</p>
<p><b>Q6</b> Does the use of the “difference” allocation method and the resulting implications for the allocation of UFG variations create a substantial problem in the industry?</p>	<p>We do not believe so as far as our incumbency is concerned. It is unclear to WGL if problems with allocation and UFG are the result of the methodology applied or in the accuracy of the data provide by retailers.</p> <p>Again we would recommend an audit to establish the cause or fault of any problems.</p>
<p><b>Q7</b> If there are problems with the allocation of UFG variations, is working towards mandatory global allocation an appropriate response for the Gas Industry Co?</p>	<p>Possibly, however which global methodology would you apply, that as described within the Reconciliation Code or the variation being used on certain gates.</p> <p>Again the accuracy of the data provided may be more important that methodology applied. With a global methodology all retailers will be involved in estimating monthly returns and each retailer will probably use a different estimating methodology.</p> <p>WGL would suggest that the GIC may need to consider the application of a single estimating methodology for the industry in order to bring some consistency to this issue.</p>

QUESTION	COMMENT
<p><b>Q8</b> If global allocation is not made mandatory, how important would it be for 12 month rolling loss factors to be used in the allocation process?</p>	<p>WGL believes that this would be an interesting development. Changes to published UFG rates are few and far between and it would be very interesting to see how the rolling 12 month UFG figures compare to the published figures.</p>
<p><b>Q9</b> Should all gas gate daily metered quantities be published daily? What difficulties (e.g. confidentiality) might arise from daily publication?</p>	<p>Ideally yes, however we accept that where a retailer is the only supplier to a gate there may be confidentiality issues surrounding this information.</p>
<p><b>Q10</b> To what extent do industry problems arise as a result of poor quality data supplied into the allocation process?</p>	<p>Poor quality data will impact on the whole allocation process and therefore through the whole supply chain from wholesale to transmission to networks.</p>
<p><b>Q11</b> Should the Gas Industry Co introduce formalised, regular wash-ups of month end allocations after 4 or 6 months and after 12 months following the month in question?</p>	<p>Yes, however we are already concerned about the administration costs associated monthly network wash ups from network companies that scale retailer's monthly returns. This results in ongoing monthly wash ups which is time consuming and costly. As an example one network company alone submitted a total of 21 invoices to WGL in December last year.</p> <p>Whilst appreciating that network scaling is part of the agreements that we have with the individual networks WGL would like to see the end of network scaling and any wash up accounts, including networks, to be based on the allocation wash up process.</p>
<p><b>Q12</b> Is it appropriate, as part of the initial changes to allocation arrangements, to require all retailers to read every non-TOU ICP at least once in every twelve month cycle?</p>	<p>The Electricity and Gas Complaints Commission's Code of Practice requires retailers to read all meters at least 4 time a year. WGL would suggest that for consistence this would be the more appropriate minimum.</p>

QUESTION	COMMENT
<p><b>Q13</b> Should the Gas Industry Co establish accuracy criteria for estimates (in conjunction with an appropriate compliance regime)?</p>	<p>WGL believes that the GIC should go further and mandate a single estimating process for the Industry.</p>
<p><b>Q14</b> Is it appropriate in the longer term (after the initial changes are made to the allocation arrangements) to introduce a requirement that submitted data contains a minimum percentage of historic read data?</p>	<p>In general yes. Historical data does not however allow for increases or decreases in the customers' installed load. WGL would suggest that these issues could be addressed by the introduction of a single estimating process applied across the industry.</p>
<p><b>Q15</b> Is it appropriate in the longer term to introduce a standardised data transfer format?</p>	<p>Yes, however we would suggest that this is a short term rather than a long term issue. The Reconciliation Code working group agreed to this a number of years ago, however the group could not decide on the information to be contained within the files or on the format of the files.</p> <p>WGL believes that a non involved third party such as the GIC would be an idea party to develop these file formats.</p>
<p><b>Q16</b> Do you agree that the two main options that should be considered for making allocation and reconciliation arrangements mandatory and enforceable are a modification of the existing contractual arrangements, and Ministerial rules under the Gas Act?</p>	<p>Yes but the arrangements must include an independent governance arrangement.</p>
<p><b>Q17</b> Do you agree that potential problems with pipeline owner leverage and Commerce Act risks associated with the contractual arrangements favour the Ministerial rules solution?</p>	<p>Not necessarily, however in this instance WGL believes that the governance issues would be better and more effectively addressed through a Rules arrangement.</p>