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16 September 2011

Ian Dempster
General Manager Operations
Gas Industry Company
PO Box 10-646
Wellington

Dear Ian

Proposed Guideline Note
for the Application of Gas Billing Factors

Thank you for providing Vector with the opportunity to provide feedback on the Gas Industry Company's proposed guideline note for the application of gas billing factors. No part of our submission is confidential and we are happy for it to be publicly released.

Vector generally supports the proposed guideline. We believe it will greatly assist industry participants in making significant improvements to the overall accuracy of their consumption submissions under the Gas (Downstream Reconciliation) Rules 2008. This would contribute to a more efficient downstream gas market, hence, lower costs for industry participants and consumers.

Our responses to specific questions in the consultation document are indicated in the attached submission form. If you have any questions, or require further information, please contact Luz Rose on 04 803 9051 or Luz.Rose@vector.co.nz.

Kind regards

Bruce Girdwood
Manager Regulatory Affairs

Appendix A: Submission prepared by: Vector Limited Contact: Luz Rose, 04 803 9051, Luz.Rose@vector.co.nz

QUESTION		COMMENT
1	Please provide feedback on the above draft guideline note. The file is available as a Word document and you are invited to provide a marked-up copy with your changes.	Vector generally supports the draft guideline note. We believe this would contribute to making the downstream gas market more efficient, lowering costs for industry participants and consumers. For example, the provision of network pressure and altitude information on an ICP basis would better inform our metering business, AMS, in correcting information on TOU sites. *Altitude and pressure factors* Vector recognises the importance of specifying altitude data relative to mean sea level, which is what is proposed in the guideline note. Vector's distribution network receives network pressure information obtained from GIS. When an ICP is created in the registry, we calculate the supply pressure at delivery point into the network pressure. The ICP altitude is obtained using the Quick-maps system. For every ICP created, Vector conducts checks to obtain the accurate altitude before entering it into Gentrack, which populates the registry. Unless properties are actually at sea level, there will always be altitude readings greater than zero entered into the registry. We see no reason why this process could not be audited. *Joule-Thompson effect* Vector does not support the mandatory use of the Joule-Thompson effect. It would be impossible for Vector's OnGas business to take this factor into account under current arrangements, where

QUESTION		COMMENT
		it does not have access to real time network pressure site flow information for non-TOU meters. Further, Vector believes the impact of the Joule-Thompson effect is insignificant compared to the impact of other billing factors. Vector's OnGas business is working through the individual recommendations from its performance audit, and is in the process of comprehensively reviewing all billing factors associated with ICPs, including temperature, altitude, pressure and dials.
2	Do you support the addition to the gas registry of further meter set-up parameters, such as meter pressure, meter multiplier and number of dials, as meter owner maintained fields?	Vector has no objection, in principle, to the addition of metering pressure and other metering information to the gas registry. For the GIC and industry's information, AMS will include metering pressure on an ICP basis in its invoices from September 2011, and will continue to include meter serial numbers for reference.
3	Do you agree that a common ground temperature dataset should be established for use in energy conversions by retailers?	Vector supports, in principle, a common ground temperature dataset to be used for energy conversion by retailers. We believe an agreement by industry participants on a common methodology in generating temperature data is critical to the success of this proposal. We believe it is important for industry to agree at the outset how this initiative will be funded, or how the cost of implementing it will be recovered. We understand Contact Energy has done some work to ensure the use of uniform data to the ICP level. We encourage the GIC to use this work as a basis for facilitating a wider industry work/agreement on a common temperature database and other billing factor datasets. Vector Transmission measures gas temperature at a considerable number of sites, some of which

QUESTION		COMMENT
		directly out of the ground, for linepack calculations. Temperature varies seasonally between 18.5C in February/March to 11.5C in July/August. Vector Transmission would be happy to use this data to do a "sense check" of NIWA's data.
4	If so, do you have any comments or suggestions as to how the database should be configured?	Vector supports initiatives to ensure that data in the gas registry is accurate and reliable, and meet the requirements of existing rules and regulations and the Gas Standard. We are happy to further engage with the GIC and other industry participants to ensure this is the case. To better inform industry participants, it would be helpful if the GIC can provide clarity around timelines and industry-wide consultation processes in relation to the review of the Gas (Downstream Reconciliation) Rules 2008, and how the draft guideline will be considered during the review.