



Gas Performance Audit Report

For

EMS Allocation Agent

Prepared by: Tara Gannon

Date of Audit: May-July 2025

Date Audit Report Complete: 13 August 2025

Executive Summary

Under Part 4 of the Gas (Downstream Reconciliation) Rules 2008 (the Downstream Reconciliation Rules), Gas Industry Company must arrange performance audits of the Allocation Agent and allocation participants at regular intervals. Under Part 6 of the Allocation Agent Service Provider Agreement (general terms) Gas Industry Company may audit the Allocation Agent.

Energy Market Services (EMS) is a commercial group within Transpower NZ Ltd, and is contracted by Gas Industry Company to carry out the functions and obligations of the Allocation Agent under the Gas (Downstream Reconciliation) Rules 2008.

This Allocation Agent audit has considered compliance with the relevant Downstream Reconciliation Rules and with the Allocation Agent Service Provider Agreement. The audit was conducted in accordance with terms of reference provided by Gas Industry Company and in accordance with the "Guideline note for rules 65 to 75: the commissioning and carrying out of performance audits and event audits" V3.

EMS has robust processes for ensuring its personnel are appropriately trained and supported and understand and meet the Allocation Agents obligations, that its systems are secure and that business continuity and disaster recovery processes are place. The previous audit recommendation to create a skills matrix has been adopted.

The allocation process is well managed, with a focus on accuracy, timeliness and confidentiality. The timeliness and reasonableness of inputs is closely monitored, and inputs and outputs are validated. Automated processes ensure that report outputs are made available to only those authorised to receive them.

There are some historic differences between the requirements of the Allocation Agent Service Provider Agreement and Ongoing Service Description, and the Allocation Agent's practices, including:

- annual meetings with Gas Industry Company do not always take place within 20 business days of the 30 June financial year end, but the meeting dates are agreed with Gas Industry Company,
- user documentation is not updated at least annually; instead, it is updated when changes are required,
- performance standards are not agreed on at the beginning of each financial year; instead, they are agreed on contract renewal,
- most service levels are monitored by exception, rather than calculated as the number of compliant events/total number of events as set out in the Allocation Agent Ongoing Service Description; attainment of individual service levels is not included in the monthly reports to Gas Industry Company, and
- service desk performance is not actively monitored; instead, service requests requiring further work or major incidents are tracked with Jira or GoToAssist tickets, but not all service requests are tracked or have tickets raised - without all service requests being recorded and tracked and categorised according to the Allocation Agent Service Provider Agreement's priority levels, it is not possible to meet the monthly service desk reporting requirements, however during the audit meetings I observed that the service desk is managed by dedicated and experienced staff who promptly act on incoming requests and resolve them as quickly as possible, and no complaints have been received from retailers or the Transmission System Owner regarding service desk performance.

I consider these non-compliances to be technical and have a low impact. I have recommended reviewing the requirements with Gas Industry Company to determine what is needed, and then amending the Allocation Agent Service Provider Agreement and Ongoing Service Description, and the Allocation Agent's practices as necessary.

Allocations reviewed were found to be complete and accurate, apart from some calculations which appear to have rounding applied before the end result is calculated. Rounding differences have been present in the allocation system since before EMS became the Allocation Agent, and no changes have been made to rounding processes within the database. The impact of the non-compliance is insignificant.

The Allocation Agent records alleged breaches for inaccurate submission information by other parties, but has not been recording alleged breaches for late submission information from retailers or the Transmission System Owner. Data timeliness breaches are only alleged if data is not provided before the allocation run commences and the Allocation Agent needs to estimate data and the late information is not reported to Gas Industry Company. In the Allocation Agent's experience, none of the retailers appear to have systemic issues resulting in late submissions. Late submissions occur from time to time for different traders for submission runs with trading notification or data issues. I have recommended EMS work with Gas Industry Company to determine whether a materiality limit or grace period should be applied when alleging rule 31, 32, 33 and 34 breaches, and to develop a process to allege breaches of these rules in consultation with Gas Industry Company and the Market Administrator.

In conclusion, apart from technical non-compliances with agreement wording, minor rounding differences in some calculations, and not consistently alleging breaches for late submission information from other parties, the compliance from EMS was high.

Summary of Report Findings

Issue	Section	Control Rating ¹	Compliance Rating	Comments
Contractual obligations under the Allocation Agent Service Provider Agreement (AASPA) and Allocation Agent Ongoing Service Description (AAOSD)				
General undertakings (AAPSA Clause 3.2)	2.1	Effective	Compliant	
Business Continuity Planning (AAPSA Clause 3.5)	2.2	Effective	Compliant	
Personnel (AASPA Clause 3.7)	2.3	Effective	Compliant	
Subcontracting (AASPA Clause 3.8)	2.4	Effective	Compliant	Compliant. Some IT functions are outsourced as documented and agreed with Gas Industry Company in the AASPA, but EMS does not subcontract any of their core responsibilities.
Invoicing and Payment (AASPA 5.2 and 5.4)	2.5	Effective	Compliant	
Record Keeping (AASPA Clause 7.1)	2.6	Effective	Compliant	
Access to Other Information (AASPA Clause 7.2)	2.7	Effective	Compliant	
Confidential Information (AASPA Clause 8.2)	2.8	Effective	Compliant	

¹ Refer to Appendix 1 for definitions

Issue	Section	Control Rating ¹	Compliance Rating	Comments
Media and Marketing (AASPA Clause 8.4)	2.9	Effective	Compliant	
Insurance (AASPA Clause 13)	2.1	Effective	Compliant	
Force Majeure (AASPA Clause 14)	2.11	Effective	Compliant	No force majeure events have occurred.
Dispute Resolution (AASPA Clause 15)	2.12	Effective	Compliant	No disputes have occurred.
Disengagement Plan (AASPA Clause 17)	2.13	Effective	Compliant	A disengagement plan has not been required or requested.
Contract Variations (ASAPA Clause 18)	2.14	Effective	Compliant	
Good Practice standards (AAOSD Clause 2.2)	2.15	Effective	Compliant	
Industry Body Guidelines (AAOSD Clause 2.3)	2.16	Effective	Compliant	
Infrastructure Services (AAOSD Clause 3.1-3.4)	2.17	Effective	Compliant	
Service levels (AAOSD Clause 3.5)	2.18	Effective	Compliant	
Regulatory functions (AAOSD Clause 4.1)	2.19	Effective	Compliant	
Additional Obligations (AAOSD Clause 4.2)	2.20	Effective	Compliant	

Issue	Section	Control Rating ¹	Compliance Rating	Comments
Allocation Agent Operations Manual (AAOSD Clause 4.3)	2.21	Effective	Compliant	
Service levels (AAOSD Clause 4.4)	2.22	Effective	Compliant	Service levels are monitored by exception, rather than calculated as the number of compliant events/total number of events as set out in the AAOSD, and this is recorded as non-conformance in section 2.26 . There is no specific reporting on service level achievement within the monthly report, but there is a field to record the “number and details of Service Provider breaches” which can be used to report by exception. EMS confirmed that to the best of their knowledge there have not been any breaches of the service levels.
Informal Services (AAOSD Clause 5.1)	2.23	Effective	Compliant	No additional services have been requested by the Industry Body in the last 30 months.
Formal Services (AAOSD Clause 5.2)	2.24	Effective	Compliant	No additional services have been requested by the Industry Body in the last 30 months.
Future Services (AAOSD Clause 6)	2.25	Effective	Compliant	No future services have been negotiated using this process in the last 30 months.
Service Management (AAOSD Clause 7)	2.26	Needs improvement	Non-compliant	Not all service management requirements were met, including: <ul style="list-style-type: none"> • user documentation is not modified at least annually, • annual meetings do not always occur within 20 business days of the end of the financial year, • apart from IT related service levels discussed in section 2.18, service levels are monitored by exception, rather than

Issue	Section	Control Rating ¹	Compliance Rating	Comments
				<p>calculated as the number of compliant events/total number of events as set out in the AAOSD, and</p> <ul style="list-style-type: none"> service desk performance is not actively monitored, unless a complaint is received or the resolution requires a system fix or multi step process and a Jira ticket is opened; without all service requests being recorded and tracked and categorised according to the AASPA's priority levels, it is not possible to meet the monthly service desk reporting requirements. <p>Issues are recorded where there is only non-compliance with the AAOSD, and breaches are recorded where there is also non-compliance with the Gas (Downstream Reconciliation) Rules.</p>
Monthly Charges (GAAOSD Clause 8)	2.27	Effective	Compliant	
Allocation Agent obligations in the Gas (Downstream Reconciliation) Rules 2008				
Allocation Agent Website (Rule 9)	3.1	Effective	Compliant	
Insurance Cover (Rule 10)	3.2	Effective	Compliant	
Performance Standards (Rule 11)	3.3	Acceptable	Non-compliant	Performance standards are not specifically agreed at the beginning of each financial year.
Allocation Agent Self Reviews (Rules 12 and 13)	3.4	Needs improvement	Non-compliant (in section 2.26)	Self-reviews are completed monthly, when preparing the monthly report. A non-compliance is recorded in section 2.26 , because service level achievement is monitored by exception and not all obligations are reviewed or reported on.

Issue	Section	Control Rating ¹	Compliance Rating	Comments
Information Exchange File Formats (Rule 25)	3.5	Effective	Compliant	
Determination of G1M Gas Gates (Rule 25C.5)	3.6	Effective	Compliant	
Use of Estimates (Rule 43)	3.7	Effective	Compliant	
Correction of Allocations (Rule 44)	3.8	Effective	Compliant	
Global Method of Allocation (Rules 45, 48, 49 & 50)	3.9	Acceptable	Non-compliant	Rounding occurs within the GAR060 and GAR070 allocation database calculations resulting in the report output matching an unrounded manual calculation within two rather than three decimal places. An issue is recorded because rounding is not compliant with the Allocation Agent Functional Specification, Version 2.9, dated 20 July 2019 section 7.5.
Calculation of UFG Factor (Rule 46)	3.1	Effective	Compliant	
Correction of an Annual UFG Factor (Rule 46A)	3.11	Effective	Compliant	
Force Majeure Event During Consumption Period (Rule 47)	3.12	Effective	Compliant	There have not been any “force majeure” events.
Special Allocation (Rule 51)	3.13	Effective	Compliant	
Annual Reconciliation (Rule 52)	3.14	Effective	Compliant	

Issue	Section	Control Rating ¹	Compliance Rating	Comments
Allocation Agent Reports (Rules 48 and 53)	3.15	Effective	Compliant	
Deemed Profiles (Rules 54 to 62)	3.16	Effective	Compliant	There are no deemed profiles in use.
Major Change Audits (Rule 65.4)	3.17	Effective	Compliant	EMS confirmed there have not been any major changes subject to a major change audit. Proposed changes are agreed with Gas Industry Company in advance, and whether a major change audit is needed is considered as part of this.
Event Audits (Rule 66.3)	3.18	Effective	Compliant	No event audits have been commissioned in the last 30 months.
Provision of information to the auditor (Rule 69)	3.19	Effective	Compliant	
Allocation Agent obligations in the Gas Governance (Compliance) Regulations 2008				
Reporting participants must notify market administrator of alleged breaches (Regulation 11)	4.1	Needs improvement	Non-compliant	Rule 31, 32, 33 and 34 breaches are not alleged unless the Allocation Agent deems them to be material, because they have required estimated data to be created for use in the allocation process or they have delayed an allocation run.
Allocation Agent obligations in the Gas (Switching Arrangements) Rules 2008				
Allocation Agent to notify Industry Body (Rule 100)	5.1	Needs improvement	Non-compliant	Late provision of submission information is not reported to Gas Industry Company.
Allocation Agent obligations in the Gas (Critical Contingency Management) Regulations 2008				

Issue	Section	Control Rating ¹	Compliance Rating	Comments
Allocation agent to provide information (Regulation 40A)	6.1	Effective	Compliant	

Persons Involved in This Audit

Auditor:

Name	Title	Company
Tara Gannon	Auditor	Provera

People who assisted with the audit:

Name	Title	Company
Willie Leung	Senior Market Analyst	Transpower New Zealand
Nick Warren	Product Owner/Senior Business Analyst	Transpower New Zealand
Maggie Keshaboina	Energy Market Services Manager	Transpower New Zealand

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1. Scope of Audit

Under Part 4 of the Gas (Downstream Reconciliation) Rules 2008, Gas Industry Company must arrange performance audits of the Allocation Agent and allocation participants at regular intervals. The purpose of the performance audit is to assess:

- the performance of the Allocation Agent or that allocation participant in terms of compliance with these rules,
- the systems and processes of the Allocation Agent or that allocation participant that have been put in place to enable compliance with these rules, and
- whether, after the implementation of an intended change notified under rule 65.4, the Allocation Agent or that allocation participant will be, or will be able to be, compliant with these rules.

In addition, under Part 6 of the Allocation Agent Service Provider Agreement (general terms), Gas Industry Company may audit the Allocation Agent, in accordance with Part 4 of the Gas (Downstream Reconciliation) Rules 2008 and either together with or separately from any other audit under that Part, for the purpose of:

- auditing the accuracy of the Allocation Agent's invoices under the Agreement and/or the Allocation Agent's reporting of its performance against the service levels and other performance standards under the Allocation Agent Service Provider Agreement; and/or
- otherwise allowing the auditor to satisfy itself that the Allocation Agent is complying with its obligations under the Allocation Agent Service Provider Agreement.

This audit has considered compliance with the relevant Gas (Downstream Reconciliation) Rules 2008, Gas (Switching Arrangements) Rules 2008, Gas Governance (Compliance) Regulations 2008, Gas (Critical Contingency Management) Regulations 2008, the Allocation Agent Functional Specification, and the Allocation Agent Service Provider Agreement and Allocation Agent Ongoing Service Description. The audit was conducted in accordance with terms of reference provided by Gas Industry Company and in accordance with the "Guideline note for rules 65 to 75: the commissioning and carrying out of performance audits and event audits" V3.

1.1 Audit Approach

The purpose of this audit is to assess the Allocation Agent's compliance with the rules, Allocation Agent Service Provider Agreement and Allocation Agent Ongoing Service Description. This audit has examined the effectiveness of the controls the Allocation Agent has in place to achieve compliance, and where it has been considered appropriate, sampling has been undertaken to determine compliance.

Where sampling has occurred, this has been conducted using the Auditing Standard 506 (AS-506) which was published by the Institute of Chartered Accountants of New Zealand. I have used my professional judgement to determine the audit method and to select sample sizes, with an objective of ensuring that the results are statistically significant. Where compliance is reliant on manual processes, manual data entry for example, the sample size has been increased to a magnitude that, in my judgement, ensures the result has statistical significance.

Where errors have been found or processes found not to be compliant the materiality of the error or non-compliance has been evaluated.

1.2 General Compliance

1.2.1 Summary of Previous Audit

The previous audit was conducted in 2020 by Steve Woods of Veritek Limited. The table below shows the rule breaches found during the previous audit and whether they have been resolved.

Section in this report	Summary of issue	Rules potentially breached	Status
3.2	EMS does not have professional indemnity insurance cover.	10	✓ Compliant. EMS meets the current requirements of AASPA 13.1(b) and maintains professional indemnity cover not less than \$2 million per event.

The table below shows Service Provider agreement breaches found during the previous audit and whether they have been resolved:

Section in this report	Summary of issue	Section in rules or agreement	Status
2.10	EMS has not provided certificates of insurance to the Industry Body.	AASPA Clause 13	✓ Compliant for the April 2024 contract variation.
2.10	EMS does not have professional indemnity insurance cover.	AASPA Clause 13	✓ Compliant. EMS meets the current requirements of AASPA 13.1(b) and maintains professional indemnity cover not less than \$2 million per event.
2.18	One outage of more than two hours in April 2019	AAOSD Clause 3.5	✓ Compliant for the last 30 months.
2.26	Annual meetings not held within 20 business days of the end of the financial year.	AAOSD Clause 7.1	Unresolved. Annual meetings do not always occur within 20 business days of the end of the financial year, for instance the 2024 to 2025 meeting occurred in August 2025 at the request of Gas Industry Company due to staff absences.
2.26	Service desk reporting not included in monthly reports.	AAOSD Clause 7.1(b)	Unresolved, and non-compliance and a recommendation have been raised.

Section in this report	Summary of issue	Section in rules or agreement	Status
3.9	Allocation totals in the GAR070 are accurate to two decimal places but should be accurate to three decimal places.	Section 7.5 of the Allocation Agent functional specification	Unresolved, and non-compliance and a recommendation have been raised.
3.10	Monthly UFG in the GAR070 is accurate to five decimal places but should be accurate to six decimal places.	Section 7.5 of the functional specification	✓ Compliant. Review of the monthly UFG for two gas gates in the February 2025 GAR070 confirmed it was correct to six decimal places

The table below shows recommendations made during the previous audit and whether they have been adopted:

Section in this report	Summary of issue	Status
2.1, 2.15	Develop a training and competency matrix showing all relevant personnel and the dates they were trained and deemed competent.	✓ Adopted.
2.26	<p>There were two issues related to service management, where EMS had not met the requirements of the Allocation Agent Service Provider Agreement (ongoing services), but it appears they have met Gas Industry Co's expectations. I recommend the Allocation Agent Service Provider Agreement (ongoing services) is evaluated with a view to changing it to meet the current service level. The issues identified are as follows:</p> <p>Annual meetings were not held within 20 business days of the end of the financial year.</p> <p>Service desk reporting is not included in monthly reports.</p>	Not adopted, and re-raised.

1.2.2 Breach Allegations and Compliance Issues

The Allocation Agent had no alleged breaches recorded by the Market Administrator since April 2020.

I have recorded breaches where one or more gas rules² were breached, and issues where the requirements of the Allocation Agent Service Provider Agreement, Allocation Agent Ongoing Service Description, and/or the Allocation Agent Functional Specification, Version 2.9 were not met.

Non-compliance was found in five sections of this audit. I have raised four breach allegations and four issues in relation to these matters.

Breach Allegation	Section in rules or agreement	Section in this report
<p>Monitoring and reporting of service levels: Apart from IT related service levels discussed in section 2.18, service levels are monitored by exception, rather than calculated as the number of compliant events/total number of events as set out in the AAOSD.</p> <p>Service desk performance is not actively monitored, unless a complaint is received or the resolution requires a system fix or multi step process and a Jira ticket is opened.</p> <p>There is no specific reporting on service level achievement within the monthly report, but there is a field to record the “number and details of Service Provider breaches” which can be used to report by exception.</p> <p>It is expected that EMS will identify any breaches of the service levels although they are not specifically monitored as discussed in the AAOSD.</p>	<p>AAOSD 4.4, 7.1(b), 7.7(a)-(d)</p> <p>Gas (Downstream Reconciliation) Rules 2008 12 and 13</p>	2.26
<p>Agreement on performance standards at the beginning of the financial year: Rule 11 requires Gas Industry Company and the Service Provider to agree on a set of performance standards at the beginning of each financial year. Performance standards are not specifically agreed at the beginning of each financial year. They are instead agreed at the beginning of the term of the appointment, on renewal of the appointment and when any major projects are undertaken.</p> <p>Gas Industry Company and EMS meet monthly and any issues with performance and/or performance standards are able to be addressed promptly as they arise.</p>	<p>Gas (Downstream Reconciliation) Rules 2008 rule 11</p>	3.3
<p>Rule 31, 32, 33 and 34 breaches are not alleged unless the Allocation Agent deems them to be material: Rule 31, 32, 33 and 34 breaches are not alleged unless the Allocation Agent deems them to be material, because they have required estimated data to be created for use in the allocation process or they have delayed an allocation run.</p>	<p>Regulation 11 of the Gas Governance (Compliance) Regulations 2008</p>	4.1
<p>Late provision of submission information is not reported to Gas Industry Company: Late provision of retailer or Transmission System Owner submission information is not reported to Gas Industry Company.</p>	<p>Rule 100 of the Gas (Switching Arrangements) Rules 2008</p>	5.1

² Gas (Downstream Reconciliation) Rules 2008, Gas (Switching Arrangements) Rules 2008, Gas Governance (Compliance) Regulations 2008, Gas (Critical Contingency Management) Regulations 2008

Issue	Section in rules or agreement	Section in this report
<p>Completion of annual meetings within 20 business days of 30 June financial year end: Annual meetings do not always occur within 20 business days of the end of the financial year, for instance the 2024 to 2025 meeting occurred in August 2025 at the request of Gas Industry Company due to staff absences.</p>	AAOSD 7.1(a)	2.26
<p>User documentation is not updated at least annually: User documentation is not modified at least annually; instead it is updated when changes are required. The controls are acceptable, and the documents are updated as required. This is a technical non-compliance.</p>	AAOSD 7.2(b)	2.26
<p>Monitoring of service desk and monthly reporting of service desk information: Service desk incidents and requests are not tracked unless a GoToAssist or Jira ticket is raised because further work is required, including for major incidents. Where a request can be resolved immediately, and there is no email correspondence no record is kept. In many cases the time taken to raise and close a ticket to track service requests would take longer than resolving the service requests (e.g., a two-minute phone conversation).</p> <p>During the audit meetings I observed that the service desk is managed by dedicated and experienced staff who promptly act on incoming requests and resolve them as quickly as possible.</p> <p>Without all service requests being recorded and tracked and categorised according to the AASPA's priority levels, it is not possible to meet the monthly service desk reporting requirements. AAOSD 7.1(b) requires the following information to be included in the monthly report for the current month, along with summary information for all previous periods:</p> <ul style="list-style-type: none"> • number of new incidents/service requests, • number of incidents/service requests remaining open at the end of the period, • number of incidents/service requests escalated beyond the service desk, • number and percentage of incidents/service requests incorrectly assigned to the service desk, and • number of incidents resolved by the service desk without being notified by a user. 	AAOSD 7.1(b), 7.2(b), 7.3, 7.4	2.26
<p>Rounding within the GAR070 calculation: Rounding occurs within the GAR060 and GAR070 allocation database calculations resulting in the report output matching an unrounded manual calculation within two rather than three decimal places.</p>	The Allocation Agent Functional Specification, Version 2.9, dated 20 July 2019 section 7.5	3.9

1.3 Provision of Information to the Auditor (Rule 91)

In conducting this audit, the auditor may request any information from EMS, the industry body and any registry participant. Information was provided by EMS as it became available in accordance with this rule.

1.4 Draft Audit Report Comments

A draft audit report was provided to Gas Industry Company, the Allocation Agent, and allocation participants that I considered had an interest in the report. In accordance with rule 70.3 of the Gas (Downstream Reconciliation) Rules 2008, those parties were given an opportunity to comment on the draft audit report and indicate whether they would like their comments attached as an appendix to the final audit report.

Party	Response	Comments provided	Attached as appendix
EMS	EMS provided comments for the participant response sections of the recommendations and non-compliances, which have been added to the tables in the report body.	Yes	No

2. Contractual Obligations

Contractual obligations are set out in the Allocation Agent Service Provider Agreement (last updated 1 April 2024) referred to in this report as the **AASPA** and accompanying Ongoing Service Description for the Allocation Agent Service Provider Agreement (last updated 1 April 2024) referred to in this report as the **AAOSD**.

2.1 General undertakings (AAPSA Clause 3.2)

I checked compliance with each of the general undertakings:

Clause	Clause description	Findings
AASPA 3.2(a)	The Service Provider has (and will provide) all the necessary expertise, experience, resources, personnel, premises, capacity and ability to perform and discharge its obligations and liabilities under the Agreement in a timely manner, efficiently, diligently and in accordance with good practice.	✓ Compliant. Transpower's recruitment, onboarding and training processes ensure that this requirement is met. Staff are appropriately trained, supported and supervised as they learn to complete the tasks. Progress with training is documented in a skills matrix and procedural documentation is available on SharePoint.
AASPA 3.2(b)	Each of the Service Provider's personnel and subcontractors are suitably qualified and appropriately skilled.	

Clause	Clause description	Findings
AASPA 3.2(c)	During the term the Service Provider will have full access and right to relevant technical information, qualified personnel, expertise and data to perform its obligations.	✓ Compliant.
AASPA 3.2(d)	To the extent specified in the agreement the Service Provider will take full responsibility for the provision of services and deliverables.	✓ Compliant.
AASPA 3.2(e)-(g)	The Service Provider will comply will all laws, lawful and reasonable directions from the Industry Body and reasonable policies from the Industry Body.	✓ Compliant, there have been no breaches or issues identified during the term of the agreement.
AASPA 3.2(h)	Documentation provided under the agreement will be complete, accurate and suitable.	✓ Compliant. Documentation provided under the agreement is consistent with documented report requirements, and information is validated before it is published.
AASPA 3.2(i)	User documentation, assistance and training will be adequate to support for reasonably competent users.	✓ Compliant. Staff are appropriately trained, supported and supervised as they learn to complete the tasks. Progress with training is documented in a skills matrix, and ongoing training is completed. Procedural documentation is available on SharePoint.
AASPA 3.2(h)	The Service Provider will use its best endeavours to avoid damaging the Industry Body's reputation.	✓ Compliant. There have been no breaches or issues identified during the term of the agreement.
AASPA 3.2(h)	The Service Provider will promptly advise the GIC of any serious breaches or matters that may affect their ability to perform its obligations.	✓ Compliant. There have been no breaches or issues identified during the term of the agreement.

2.2 Business Continuity Planning (AAPSA clause 3.5)

The Service Provider is required to document, implement and maintain business continuity (including disaster recovery) arrangements. Copies of these plans should be provided to Gas Industry Company on request, or when a material change is made.

I confirmed compliance with each of the requirements.

EMS provided a copy of their Service Availability Plan version 2.2 (March 2025), which was last reviewed in March 2025. The Service Availability Plan is focused on ensuring the availability of key services during scenarios which have the potential to adversely affect these services, and a copy is made available to Gas Industry Company on request.

System components are monitored by relevant third party vendors, YouDo, DXC and Seisma, who notify EMS of any system availability or security issues or potential issues. EMS also has access to analytics tools Google Analytics and RUM.

Backups are completed in line with Amazon Web Services (AWS) best practice. There are two cloud-based storage buckets, one physically located in Sydney and the other in Melbourne; the Sydney data is replaced to Melbourne each night at 9pm. After 30 days backups are moved to Glacier, and will be maintained within Glacier indefinitely until they are manually pruned if needed with Gas Industry Company's approval. Currently EMS is able to store unlimited backups in Glacier.

EMS is able to swap between the primary and secondary data storage in the event of a failure for the primary. Disaster recovery plans are in place and tested annually, with the last test successfully completed in February 2025 by running processes from the secondary storage for five days.

Allocations can be conducted remotely if the premises cannot be accessed, and staff are cross trained and procedures are documented to ensure that processes can be completed when key staff are unavailable.

2.3 Personnel (AASPA clause 3.7)

The Service Provider is required to ensure its personnel comply with all policies, procedures and codes of conduct notified by the Industry Body, including those dealing with conduct, security and confidentiality. I confirmed compliance with each of the requirements.

Clause	Clause description	Findings
AASPA 3.7(b)	The Service Provider will ensure that its personnel comply with all policies, procedures and codes of conduct notified to the Service Provider by the Industry Body from time to time, including those dealing with conduct, security and confidentiality and those with which the Industry Body's own employees are required to comply at the relevant time (Notified Policies), except to the extent the Notified Policies conflict with a provision of the Agreement; or materially increase the Service Provider's cost of providing a service.	<p>✓ Compliant. Compliance is managed through contractual arrangements with employees, training and procedure documentation.</p> <p>As part of the onboarding process, new staff receive training and written information on expected conduct, data security and confidentiality policies and procedures. Each new team member is assigned a buddy for ongoing training and support.</p> <p>Employees have a check in with their manager fortnightly and performance is assessed at the end of quarter. As part of the quarterly assessment new focus areas are set (e.g., providing training to newer team members, receiving training on certain tasks, focussing on certain deliverables) and achievement of tasks within the focus area are assessed in the following quarterly review.</p>
AASPA 3.7(c)	The Service Provider will notify the Industry Body immediately on becoming aware of any non-compliance with the Industry Body's policies, requests or instructions by any of its personnel.	<p>✓ Compliant. Processes and guidance for alleging breaches is documented, and no examples of non-compliance were identified.</p>

Clause	Clause description	Findings
	The Industry Body may at any time, on reasonable grounds, request that the Service Provider removes any of its personnel from provision of any or all of the services or deliverables, and the Service Provider will immediately comply with that request unless it can demonstrate that the removal of the personnel will have a material and detrimental effect on the Service Provider's ability to perform the services.	Gas Industry Company has not requested that EMS remove any of its personnel from provision of services.

2.4 Subcontracting (AASPA clause 3.8)

The Service Provider may appoint a subcontractor to perform any of their responsibilities under the Agreement provided the subcontract is only for goods or services that are incidental to, or do not otherwise represent a material part of, the Service Provider's obligations.

Some IT functions are outsourced as documented and agreed with Gas Industry Company in the AASPA, but EMS does not subcontract any of their core responsibilities.

2.5 Invoicing and Payment (AASPA 5.2 and 5.4)

I reviewed invoices for the GAA GIEP integration project milestones and monthly service fees, and confirmed that they were compliant with the invoicing requirements.

Clause	Clause description	Findings
AASPA 5.2	The Service Provider will invoice the charges in accordance with clause 8.1 of the On-Going Service Description and will ensure that each such invoice must include all taxable supply information as defined in the Goods and Services Tax Act 1985.	✓ Compliant.
AASPA 5.4	The Service Provider will provide sufficient details in each invoice to enable the Industry Body to identify: (a) the particular deliverables and services which are the subject of the invoice, and the charges for each such deliverable and/or service,	✓ Compliant.
	(b) in respect of any charges made at T&M rates, the relevant times and rates on which the charge is based, and each of the service provider's personnel who performed the work, the hours worked and charge-out rate,	✓ Compliant. It is very rare for EMS to invoice based on time and materials. Charges are normally fixed and agreed in advance, and invoiced according to a schedule or when project milestones are reached.
	(c) in respect of any charges which may be charged upon completion of any milestone, details of the milestone and its achievement,	✓ Compliant.

Clause	Clause description	Findings
	(d) full details of any approved expenses incurred, together with copies of GST invoices, and	✓ Compliant. Expected expenses are factored into the agreed fixed charges for work completed. There are no separate approved expenses.
	(e) separately for each charged item, sums due in respect of GST.	✓ Compliant.

2.6 Record Keeping (AASPA clause 7.1)

The Service Provider must keep full, true and up-to-date accurate records, books of account and documentation in relation to all material aspects of its activities under the Agreement, the services, the deliverables, and the charges, to a level of detail, completeness and accuracy consistent with good practice. The Service Provider will retain the same for not less than three years after the end of the term.

Data is retained in the allocation database indefinitely and supporting files are available on the EMS network. I confirmed that raw data files dated as early as 2014 were available on the network and allocation data was available for 2008.

2.7 Access to Other Information (AASPA clause 7.2)

The Service Provider must provide the Industry Body or its duly authorised agents (as the case may be) with any documentation, information and explanations requested by the Industry Body on reasonable notice, regarding the services and deliverables and/or any invoice issued under the Agreement

Gas Industry Company has not requested any information in accordance with this clause.

2.8 Confidential Information (AASPA clause 8.2)

The Service Provider will ensure confidential information is not disclosed and will ensure it is secure against theft, loss or unauthorised disclosure. I confirmed compliance with each of the requirements.

Clause	Clause description	Findings
AASPA 8.2(a)	Not use or disclose that Confidential Information except as permitted by the Agreement.	✓ Compliant. No confidential information has been disclosed without permission.
AASPA 8.2(b)	Take all action reasonably necessary to secure the Confidential Information against theft, loss or unauthorised disclosure.	✓ Compliant. Transpower's organisation security policies apply to all EMS information, and all staff receive appropriate training on information security and confidentiality. EMS has appropriate clauses in employment agreements regarding confidentiality, and training on confidentiality and information security is provided to all new staff.

Clause	Clause description	Findings
		The allocation system publishes information according to pre-set system parameters which ensure that information is only made available to the people authorised to receive it. Apart from publicly available information which is published as defined in the reconciliation manager functional specification, users must log in to the Allocation Agent's portal to view the information available to their user ID. Publicly available information is defined in the functional specifications and appropriately published.

2.9 Media and Marketing (AASPA clause 8.4)

The Service Provider will consider any potential media issues that may arise in relation to the supply of the services and provide the Industry Body with reasonable notice of any such potential media issues. I confirmed compliance with each requirement.

Clause	Clause description	Findings
AASPA 8.4(a)	The Service Provider will consider any potential media issues that may arise in relation to the supply of the services and provide the Industry Body with reasonable notice of any such potential media issues.	✓ Compliant. Any media issues will be referred to the Transpower communications team, who will consult with Gas Industry Company.
AASPA 8.4(b)	Neither party will make any public announcement about the Agreement, the services, the deliverables or its relationship with the other party or any allocation participant without first obtaining the other party's approval of the announcement and its content, except that either party may make public announcements as required by law and about the service provider being the Allocation Agent under the agreement.	✓ Compliant. All staff receive training and written information on the communications policies as part of the onboarding process, and the external communications and social media policies are also available on Transpower's Intranet. Periodic email reminders are issued to all staff regarding media communications. There have not been any instances where public announcements have been required by law.

2.10 Insurance (AASPA clause 13)

Insurance is also covered under clause 13 of the AASPA. I checked compliance with each requirement:

Clause	Clause description	Findings
AASPA 13.1(a)	The Service Provider will arrange and keep in force for the duration of the Agreement general third party liability insurance cover for an amount not less than \$10 million per event.	✓ Compliant.
AASPA 13.1(b)	The Service Provider will arrange and keep in force for the duration of the Agreement professional indemnity	✓ Compliant.

Clause	Clause description	Findings
	insurance cover for an amount not less than \$2 million per event.	
AASPA 13.2(a)	The Service Provider will within one month of the date of signing the 2023 Variation, and on each anniversary of the signing of the 2023 Variation and promptly following each policy's renewal, provide a certificate of insurance from its insurer certifying that the Service Provider has affected the insurances contemplated in clause 13.1 on the terms required by the Agreement.	✓ Compliant, evidence of notifications was provided.
AASPA 13.2(b)	The Service Provider will ensure all insurance policies contemplated in clause 13.1 are placed only with reputable insurers, and on normal commercial terms.	✓ Compliant.
AASPA 13.2(c)	The Service Provider will comply with its obligations under each insurance policy contemplated in clause 13.1, and avoid any act or omission which might invalidate any of those policies.	✓ Compliant, this is built into the EMS operational practices.
AASPA 13.2(d)	The Service Provider will promptly notify the Industry Body if at any time any insurance policy contemplated in clause 13.1 is cancelled or materially amended, or the premiums payable in respect of that policy are overdue.	✓ Compliant, this has not occurred and EMS is aware of the requirement to inform Gas Industry Company.
AASPA 13.2(e)	The Service Provider will at the request of the Industry Body from time to time, provide the Industry Body with such evidence as the Industry Body may reasonably require in order to confirm that all insurance policies contemplated in clause 13.1 are in force, and that the Service Provider is complying with its obligations under clause 13.1.	✓ Compliant, this has not occurred. Information would be provided on request.

Under rule 10 of the Gas (Downstream Reconciliation) Rules 2008, the Allocation Agent must at all times maintain any insurance cover that is required by the Allocation Agent service provider agreement, on the terms and in respect of risks prescribed by the industry body, with an insurer approved by the industry body. I confirmed compliance with the requirements in **section 3.2** of this report.

2.11 Force Majeure (AASPA clause 14)

No force majeure events have occurred.

2.12 Dispute Resolution (AASPA clause 15)

No disputes have occurred.

2.13 Disengagement Plan (AASPA clause 17)

A disengagement plan has not been required or requested.

2.14 Contract Variations (ASAPA clause 18)

Contract variations were compliantly agreed and completed on:

- 1 March 2023 to reflect the change to move the Allocation System from the EMS physically hosted environment to being cloud-based, and
- 25 January 2024 to action a three year extension effective 1 April 2024 and reflect changes to requirements over the ten years that the agreement has been in place.

2.15 Good Practice standards (AAOSD clause 2.2)

This clause requires the Service Provider to provide all services in accordance with good practice; and ensure all deliverables meet good practice. EMS has strong controls in place to ensure all allocation activities are accurate and timeliness targets are met:

- staff are appropriately trained and supported, and documented procedures are available:
 - a skills matrix records the proficiency level of each team member for key tasks, so that EMS can ensure that they have adequate coverage in the event of staff absences and identify any training needs, and
 - employees have a check in with their manager fortnightly and performance is assessed at the end of quarter; as part of the quarterly assessment new focus areas are set (e.g., providing training to newer team members, or receiving training on certain tasks) and achievement of tasks within the focus area are assessed in the following quarterly review,
- checklists are used to ensure all tasks are undertaken as required, data inputs are complete, and inputs and outputs are validated,
- the allocation system publishes information according to pre-set system parameters which ensure that information is only made available to the people authorised to receive it; apart from publicly available information which is published as defined in the reconciliation manager functional specification, users must log in to the Allocation Agent's portal to view the information available to their user ID - publicly available information is defined in the functional specifications and appropriately published, and
- proposed changes to systems and processes are discussed with and approved by Gas Industry Company, and correspondence relating to the approval is retained; Gas Industry Company is kept informed of any minor issues requiring fixes - the change management and change control systems contain details of all incidents, including their resolution and this system is also used to monitor and track changes to systems or processes.

2.16 Industry Body Guidelines (AAOSD clause 2.3)

The Service Provider must use all reasonable endeavours to comply with all guidelines on the rules that may be published by the Industry Body from time to time.

The only relevant guideline is the “Market Administrator Guidelines on the Materiality of Breaches of the Gas (Switching Arrangements) Rules 2008 and the Gas (Downstream Reconciliation) Rules 2008”, clarifying when the Allocation Agent should allege breaches of rule 37. EMS has complied with this guideline, and correct instructions are recorded in their operational documentation on alleging breaches.

Monthly meetings with Gas Industry Company are completed to discuss upcoming changes to rules or guidelines, so EMS is aware of upcoming changes before they occur and is able to update their policies and procedures to ensure compliance.

2.17 Infrastructure Services (AAOSD clause 3.1-3.4)

The Service Provider is required to provide, operate and support appropriate infrastructure. I checked compliance with each requirement:

Clause	Clause description	Findings
Infrastructure provision		
AAOSD 3.1(a)	The Service provider will provide all IT infrastructure that is from time to time required to make the allocation system available to users via the internet and comply with the system specification.	✓ Compliant. EMS provides the IT infrastructure which makes the allocation portal available to users via the internet in compliance with the system specification. As built documentation is available on SharePoint.
AAOSD 3.1(b)	The Service provider will provide all backup IT infrastructure capable of making the allocation system available to users via the internet should any component of the primary infrastructure fail.	✓ Compliant. Systems are cloud-based, and EMS is able to swap between the primary and secondary data storage in the event of a failure of the primary system. Disaster recovery plans are in place and tested annually, with the last test successfully completed in February 2025 by running processes from the secondary storage for five days.
Infrastructure operation		
AAOSD 3.2	The Service provider will operate, maintain, enhance and support the allocation system so that it continues to comply with the System Specification and including performing nightly backups of the application website and application data and storing those backups at a separate site or hosting location.	✓ Compliant. Backups are completed in line with Amazon Web Services (AWS) best practice. There are two cloud-based storage buckets, one physically located in Sydney, the other in Melbourne; the Sydney data is replaced to Melbourne each night at 9pm. After 30 days backups are moved to Glacier, and will be maintained within Glacier indefinitely unless they are pruned with Gas Industry Company’s agreement. Currently EMS is able to store unlimited backups in Glacier.
Application development and support		
AAOSD 3.3	The service provider will carry out all modifications to the Application and website that are either reasonably required for the Application and Website	✓ Compliant. Upcoming changes to rules or requirements are identified by Gas Industry Company and discussed in monthly meetings,

Clause	Clause description	Findings
	to keep operating together with the remainder of the Allocation System and in accordance with the System Specification or agreed with the Industry Body as additional services, and when carrying out such modifications ensure that the Allocation System and website comply with the System Specification at all times and the source code for the Application, Website and/or hosting environment is developed, versioned and maintained in accordance with generally accepted practices.	<p>allowing time for EMS to update affected systems and processes before the change takes effect.</p> <p>Changes are planned, approved by Gas Industry Company, tested and implemented. If a change requires a system outage it will be scheduled outside business hours at a time which should not be disruptive for users.</p> <p>The change process is managed using Jira tickets and a suite of test cases are completed to make sure the change does not have a negative impact on any key processes. Zephyr is used to manage full regression testing for more significant changes.</p> <p>GoToAssist records contain full information on the changes in each release and the version number, and links to a Jira ticket which provides further information on the reasons for the change.</p>
Data and code provision		
AAOSD 3.4	The Service Provider will promptly provide the Industry Body with copies of such releases of the Application, Website and/or scripts for the configuration and implementation of the Allocation System in the hosting environment and the Application Data and back-ups of the Application Data, as the Industry Body requests from the Service Provider from time to time.	✓ Complaint. Information is retained and available, and is able to be provided on request.

2.18 Service levels (AAOSD clause 3.5)

The Service Provider is required to monitor system availability, reliability, and recovery points where data is lost. Processes are in place to ensure that systems are available, reliable and can be recovered. Compliance is monitored and any breaches are reported. Planned outages are managed to ensure that they do not breach the two hour availability threshold. The table below shows the agreed service levels, and findings for the last 30 months.

Service Area	Calculation	Level	Achievement over the last 30 months
Availability: The period of time during which the Allocation System is fully functioning and available with the Application Data to all Users at the boundary of the Allocation System. An outage is the period of time that the Allocation System fails to achieve that standard.	Per calendar month (excluding Agreed Maintenance Windows).	No more than one outage, and that outage must last for less than two hours.	✓ There were no outages of more than two hours during the audit period.

Service Area	Calculation	Level	Achievement over the last 30 months
Reliability: The number of outages, of any duration.	Per calendar month (excluding Agreed Maintenance Windows).	No more than one outage per calendar month.	✓ There were no months with more than one outage.
Recovery Point: The maximum amount of data that may be lost when the Allocation System is restored (measured as a length of time before the failure).	Per outage.	1 hour.	✓ No data was lost during any of the outages.

2.19 Regulatory functions (AAOSD clause 4.1)

The Service Provider will have the functions, duties, rights, powers, and obligations of the Allocation Agent as set out in the rules; and comply with all duties, functions and obligations of the Allocation Agent set out in any other Applicable Gas Governance Arrangement. To the extent this Service Description is inconsistent with the functions, rights, powers, and obligations of the Allocation Agent under any Applicable Gas Governance Arrangement, the Applicable Gas Governance Arrangement will prevail.

EMS ensures compliance with all duties, functions and obligations of the Allocation Agent through its recruitment, onboarding and training processes and procedural documentation. Staff are appropriately trained, supported and supervised as they learn to complete the tasks. Progress with training is documented in a skills matrix and employee performance is reviewed at least quarterly.

2.20 Additional Obligations (AAOSD clause 4.2)

The Service Provider will perform the following Services:

- where the retailer concerned consents, the Service Provider will make available to the distributors at a gas gate, the allocation results and reports provided to the retailer for that gas gate under rules 48, 49 and 50 of the Downstream Reconciliation Rules; the allocation results and reports must be provided in the information exchange file formats notified in writing to the Service Provider by the Industry Body, provided that the Industry Body has consulted with the Service Provider before giving such notice, and
- the Service Provider will provide the Industry Body with a report in respect of any alleged breach of the rules and, to the extent possible, within five business days of the Service Provider becoming aware of the alleged breach.

EMS confirmed that this has not occurred in the last 30 months, and processes are in place to comply where required. An example was provided from November 2021 where allocation results were republished to illustrate the process.

2.21 Allocation Agent Operations Manual (AAOSD clause 4.3)

The Allocation Agent's obligations under this clause 4 (Allocation Agent Services) will be clarified in an operations manual, to be agreed between the parties in accordance with the Contract Variation

Process (the Allocation Operations Manual). The Allocation Operations Manual is a Living Document, and the Service Provider will comply with the agreed Allocation Operations Manual at all times.

The operations manual has not formally been agreed between the parties, but exists, and was referred to when I observed the allocation process during the audit. This manual is comprehensive and has sufficient detail to guide the operator through the allocation process step by step.

Compliance is recorded in this section for consistency with the previous audit.

2.22 Service levels (AAOSD clause 4.4)

This clause stipulates the service levels the Service Provider must meet. Service levels are monitored by exception, rather than calculated as the number of compliant events/total number of events as set out in the AAOSD, and *this is recorded as non-conformance in section 2.26*. There is no specific reporting on service level achievement within the monthly report, but there is a field to record the “number and details of Service Provider breaches” which can be used to report by exception. EMS confirmed that to the best of their knowledge there have not been any breaches of the service levels.

Service Area	Calculation	Level	Achievement over the last 30 months
Allocation Timeframes: Extent to which the timeframes for Allocation Agent actions as set out in the Rules have been performed on time.	Number of met timeframes/number of timed actions required. Calculated per calendar month.	100% on time.	✓ No late reports were identified.
Website Updates: Time taken for information on the Website to be updated, after it has become inaccurate or invalid for any reason.	Number of met timeframes/number of times changes to the Website were required. Calculated per calendar month.	100% within one business day.	✓ No late updates were identified.
Calculation Accuracy: Extent to which allocations are correctly calculated (i.e. in accordance with the Rules).	Number of allocations correctly calculated/number of allocations. Calculated per calendar month.	100% correct.	✓ No incorrect calculations were identified.
Allocation Participant Reports: Extent to which reports to allocation participants contain the required information and are securely directed to the right participant.	Number of correct reports/number of reports. Calculated per calendar month.	100% correct.	✓ No inaccurate or misdirected reports were identified.
Public Reports: Extent to which reports required to be publicly available contain the right information and are publicly available on the Website.	Number of correct reports/number of reports. Calculated per calendar month.	100% correct.	✓ No inaccurate or misdirected reports were identified.

2.23 Informal Services (AAOSD clause 5.1)

This clause allows the Industry Body to request the service provided to provide additional informal services which are low value and low risk. No additional services have been requested by the Industry Body in the last 30 months.

2.24 Formal Services (AAOSD clause 5.2)

This clause allows the Industry Body to request the service provided to provide services not specified in the service description which the Industry Body would like recorded in a statement of work. No additional services have been requested by the Industry Body in the last 30 months.

2.25 Future Services (AAOSD clause 6)

This clause allows the parties to negotiate future services through the contact variation process. No future services have been negotiated using this process in the last 30 months.

2.26 Service Management (AAOSD clause 7)

I checked compliance with each of the service management requirements.

Clause	Clause description	Findings
7.1 Governance		
AAOSD 7.1	The governance model is set out, and can be changed on written notice.	✓ Compliant. There have been no changes to the governance model.
AAOSD 7.1(a)	<p>Monthly meetings: The Service Provider is required to convene and attend monthly operations meetings within ten business days of the end of each calendar month or otherwise as agreed by the Industry Body. The agenda is to include activity, issues, risks and agreed actions.</p> <p>Annual meeting: The Service Provider is required to convene an annual meeting within 20 business days of the end of the financial year (June 30th). The agenda is to include relationship objectives, year in review, future influences, and agreed actions.</p>	<p>Monthly meetings: Monthly meetings are completed. I checked the agenda for the last three meetings, and found that although the names of some agenda items differed, all the required items were covered, and details from the issues register and the change register are attached to the agenda.</p> <p>Annual meetings: Annual meetings occur at the same time a scheduled monthly meeting. The meetings do not always occur within 20 business days of the end of the financial year, for instance the 2024-2025 meeting occurred in August 2025 at the request of Gas Industry Company due to staff absences. <i>An issue is recorded below.</i></p>
AAOSD 7.1(b)	<p>Annual report: The annual report should include the year in review, future influences and recommendations.</p>	<p>Annual report: The annual report is provided in advance of the annual meeting, and the annual report is added as an agenda item for the current monthly meeting. As part of the meeting Gas Industry Company and EMS</p>

Clause	Clause description	Findings
	<p>Monthly report: The monthly reports should include service levels, operations, and service desk.</p> <p>Contract breach report: A contract breach report should be provided within two business days of the Service Provider becoming aware of the breach.</p>	<p>discuss the previous year, future influences and any recommendations.</p> <p>Monthly report: There is no specific reporting on service level achievement or the service desk within the monthly report, but there is a field to record the “number and details of Service Provider breaches” which can be used to report service level breaches by exception. <i>An issue is recorded below.</i></p> <p>The monthly report and supporting change and issues register information meet the operations reporting requirements.</p> <p>Contract breach report: No contract breaches have occurred, so no contract breach reports have been required.</p>
7.2 Operational documents		
AAOSD 7.2(a)(i)	The Service Provider will maintain a user and administrator guide. This is expected to be a guide for allocation participants and the Industry Body to enable effective interaction with the Allocation Agent, the Allocation System and the Website in regard to provision of required information, identifying and dealing with faults and problems and using any other services available to users.	✓ Compliant. A user guide is available at https://www.gasreconciliation.co.nz/file_resources/user_guide , which meets the requirements of this clause.
AAOSD 7.2(a)(ii)	The Service Provider will maintain training materials, to support the training of users in how to use the Allocation System. The materials are required to be of a standard that could reasonably be expected to facilitate the required training and assist attending trainees in retaining what they have learnt.	✓ Compliant. The user guide available at https://www.gasreconciliation.co.nz/file_resources/user_guide and operational documents are used to facilitate training. These documents are sufficient to support training needs and act as reference material. Test and UAT environments are available and used to facilitate training and testing.
AAOSD 7.2(a)(iii)	The Service Provider will maintain an operations manual, which is a guide to the service providers personnel on how to perform the services.	✓ Compliant. The Operations Manual is available for internal use by EMS staff and was reviewed during the audit.
AAOSD 7.2(b)	Each document must be kept up to date and modified annually or when significant changes occur and copies must be provided to the Industry Body when changes occur.	The documents are kept up to date and version controlled. The documents are updated whenever changes occur but they are not always updated annually. The user guide was last updated on 2 December 2024 and previously updated on 7 December 2021. <i>An issue is recorded below.</i>

Clause	Clause description	Findings
AAOSD 7.2(c)	Copies of the documents should be provided to the Industry Body on request.	✓ Compliant. The documents are publicly available and copies are provided on request.
7.3 Service Desk		
AAOSD 7.3(a) and (b)	<p>The Service Provider will provide the service desk as a single point of contact for users to make service requests and report incidents which is available at all times during business hours and allows receipt and acknowledgement of incidents and service requests by voice, email and online as well as other forms of electronic communications.</p> <p>The service desk is accountable for managing the resolution of incidents in accordance with the applicable service levels and the prompt completion of service requests.</p> <p>The service desk manages, monitors and report on incidents and service requests until they are completed, confirming resolution and completion before they are closed.</p> <p>The service desk logs and categorises all incidents and records, and does not close an incident or service request until it has been resolved or completed.</p>	<p>Enquiries, service requests and incident reports are usually received by telephone or email, and are responded to by the Senior Market Analyst who fulfils the service desk role. He is experienced and ensures that any requests are appropriately resolved. Annual survey results indicate EMS meets the service levels expected by users, and no complaints have been received.</p> <p>Simple requests are resolved immediately and are not tracked, apart from retention of any related email correspondence. More complex service requests or incidents are managed using GoToAssist as an incident and change management system and Jira tickets.</p> <p>Because not all enquiries, service requests and incident reports are tracked, EMS does not meet the requirements relating to logging, tracking and categorising all incident and service requests and leaving them open until they are resolved. <i>Non-compliance is recorded below.</i></p>
AAOSD 7.3(c)	The service desk response time is calculated as the elapsed time between a user calling the service desk and a service desk operator answering that call in person, and must be calculated each month. There are required to be no complaints from users or allocation participants about service desk response time.	<p>It is not possible to calculate the response time because not all service requests are tracked. <i>An issue is recorded below.</i></p> <p>No complaints have been received.</p>
7.4 Incident Management		
AAOSD 7.4	The Service Provider will manage the resolution of incidents in order to restore normal service operation as quickly as possible and minimize any impact on the allocation system.	<p>EMS uses GoToAssist as an incident and change management system. GoToAssist has appropriate functionality to ensure incidents are recorded and managed.</p> <p>The AASPA requires incidents to be categorised between P1 and P4 depending on severity. EMS categorises incidents into five different incident types³, with defects being the most severe. <i>An issue is recorded below.</i> Defects and items on the issues register are</p>

³ Defect, service request, query, enhancement and gas gate query.

Clause	Clause description	Findings
		reported to Gas Industry Company in the monthly meetings.
AAOSD 7.4(g)	Hourly updates must be provided to the Industry Body for any P1 incidents, and a report on the incident must be provided within five business days of resolution.	✓ Compliant. No P1 incidents have occurred, but if they did, hourly status updates and an incident report would be provided.
AAOSD 7.4(h)	Incidents must be promptly escalated if not resolved within the service level times.	✓ Compliant. A workflow diagram for incidents was provided, which confirmed the escalation process.
AAOSD 7.4(i)	The resolution service levels set out in the AAOSD for each incident priority level must be complied with. ⁴	EMS is aware of the required timeframes and ensures that incidents are resolved promptly, however incidents are not categorised according to the AASPA priority levels, and not all incidents are recorded. <i>An issue is recorded below.</i>
7.5 Change Management		
AAOSD 7.5(a)	Develop, document and maintain procedures for recording, tracking and escalating changes.	✓ Compliant. EMS has sound change management practices.
AAOSD 7.5(b)	Implement changes including planning, coordinating, testing, implementing and monitoring.	✓ Compliant. EMS uses Zephyr and Jira to plan, manage and test system changes. Zephyr is used for full regression testing for more significant changes and Jira is used for smaller changes, and testing components of larger changes.
AAOSD 7.5(c)	Provide post change implementation review and reporting where requested by the Industry Body.	✓ Compliant. Changes are reviewed post implementation, including providing information to Gas Industry Company as requested.
AAOSD 7.5(d)	Implement all updates to software in the allocation system or used to provide support services.	✓ Compliant. EMS with support from its IT suppliers ensures that software updates are completed.
AAOSD 7.5(e)	Update the asset, configuration management system and user documentation with details of the change.	✓ Compliant. As part of the implementation process, all relevant documentation is updated as necessary.

⁴ Response times: P1 one business hour, P2 four business hours, P3 eight business hours, P4 two business days. Target resolution times: P1 five business hours, P2 one business day, P3 five business days, P4 ten business days.

Clause	Clause description	Findings
AAOSD 7.5(f) and (g)	Manage the authorisation and notification of planned outages. Where possible provide at least five business days' notice of planned outages.	✓ Compliant. Notification is issued by email at least five days prior to the change.
7.6 Security Management		
AAOSD 7.6(a)	The Service Provider will not modify or destroy any application data or backups of the application data without authorisation from the Industry Body.	✓ Compliant. EMS is authorised to modify and delete data as required to complete its allocation tasks but will not otherwise modify or destroy data or backups of data. Backups will be maintained within Glacier indefinitely until they are manually pruned with Gas Industry Company's approval. Currently EMS is able to store unlimited backups in Glacier.
AAOSD 7.6(b)	The Service Provider will store, back up and archive the application data in accordance with good practice to ensure continued confidentiality, integrity and availability.	✓ Compliant. Appropriate data security, back up, business continuity and disaster recovery processes are in place and tested.
AAOSD 7.6(c)	The Service Provider will maintain systems and processes to contain, eradicate and recover from network based security events.	<p>✓ Compliant. There are processes in place to reduce the likelihood and impact of security breaches.</p> <p>Transpower's system security processes apply for EMS. All systems are protected by RedShield, who manage a web application firewall at the external boundary. All data traverses external networks via an encrypted VPN.</p> <p>For the parts of the system that are cloud-based, AWS best practice is followed including using SSL for https, and KMS for key management. AWS manages keys.</p> <p>If requested by the GIC during the project planning phase, EMS will complete system penetration and/or security testing following system or system infrastructure changes.</p>
AAOSD 7.6(d)	Security breach response, escalation and reporting security standards must be established.	✓ Compliant, appropriate breach processes have been established and system security is monitored.
AAOSD 7.6(e)	If the service provider becomes aware of or suspects a security breach they must immediately investigate the breach and take all necessary steps to mitigate harm. They must provide information on the breach to the Industry Body, and in consultation with the	✓ Compliant. No breaches have occurred during the audit period, and there are appropriate processes in place to manage any breaches and report them to Gas Industry Company.

Clause	Clause description	Findings
	Industry Body take action to prevent recurrence.	
AAOSD 7.6(f)	Data may only be stored in approved locations.	✓ Compliant, I confirmed all data is stored at one of the listed locations.
7.7 Service Level Management		
AAOSD 7.7(a)-(c)	<p>The Service Provider will implement appropriate measurement, management and monitoring tools to enable measuring of service levels, detect and prevent potential failure to meet service levels and minimise the impact and resolve failures to meet service levels.</p> <p>The AAOSD sets service levels for:</p> <ul style="list-style-type: none"> • allocation timeframes (100% on time), • website updates (100% within one business day), • calculation accuracy (100% correct), • secure delivery of complete and accurate allocation reports to the right participant (100% correct), • provision of complete and accurate publicly available reports (100% correct), • system availability (no more than one outage per calendar month and that outage must be less than two hours), • system reliability (no more than one outage per calendar month), • recovery point (a maximum of one hour of data), • service desk response times (no complaints from users or allocation participants about service desk response times, response time must be no more than one business hour P1, four business hours P2, eight business hours P3 or two business days P4), and • service desk target resolution times (resolution time must be no more than five business hours P1, one business day P2, five business days P3 or ten business days P4). <p>Continually monitor service level performance and take all steps reasonably required to rectify under performance.</p>	<p>The system and reporting service levels are monitored by exception, rather than calculated as the number of compliant events/total number of events as set out in the OSD. <i>Non-compliance is recorded below, because this is also non-compliant with the Gas (Downstream Reconciliation) Rules 2008 12 and 13.</i></p> <p>Service desk performance is not actively monitored, unless a complaint is received or the resolution requires a system fix or multi step process and a Jira ticket is opened.</p> <p>If EMS failed to meet the service levels they would report the non-compliance and investigate and resolve the issue.</p>
AAOSD 7.7(d)	Report on service levels in accordance with clause 7.1.	The service levels set in the AAOSD are not calculated as set out in the AAOSD. There is no specific reporting on service level achievement within the monthly report, but there is a field to record the "number and

Clause	Clause description	Findings
		details of Service Provider breaches” which can be used to report by exception. <i>Non-compliance is recorded below because this is also non-compliant with the Gas (Downstream Reconciliation) Rules 2008 13.</i>
7.8 Service Continuity Management		
AAOSD 7.8	<p>A service continuity plan must be developed to enable the Service Provider to avoid or minimise the impact on services if systems or personnel are unavailable.</p> <p>The plan must be provided to the Industry Body on request, tested annually, and updated on completion of the tests if necessary.</p>	<p>✓ Compliant. EMS has business continuity and disaster recovery plans, which are provided to Gas Industry Company on request.</p> <p>Allocations can be conducted remotely if the premises cannot be accessed, and staff are cross trained and procedures are documented to ensure that processes can be completed when key staff are unavailable.</p> <p>Systems are cloud-based, and EMS is able to swap between the primary and secondary data storage in the event of a failure for the primary. Disaster recovery plans are in place and tested annually, with the last test successfully completed in February 2025 by running processes from the secondary storage for five days.</p>

Recommendation	Audited party comment
<p>Annual review of documentation</p> <p>Consult with Gas Industry Company to determine whether user documentation should be updated annually or reviewed annually with updates only completed as required. Agree updates to AAOSD 7.2(b) if necessary.</p>	EMS accepts this recommendation
<p>Monitoring of service levels</p> <p>Consult with Gas Industry Company on the current agreed service levels and how they are reported and monitored, including for the service desk. Agree updates to the service levels AAOSD if necessary, and update service level monitoring and reporting processes to comply with the agreed service level monitoring and reporting requirements.</p>	EMS accepts this recommendation

Issue	Section in rules or agreement	Section in this report	Audited party comment
<p>Completion of annual meetings within 20 business days of 30 June financial year end: Annual meetings do not always occur within 20 business days of the end of the financial year, for instance the 2024 to 2025 meeting occurred in August 2025 at the request of Gas Industry Company due to staff absences.</p>	AAOSD 7.1(a)	2.26	EMS accepts the findings documented in this issue.
<p>User documentation is not updated at least annually: User documentation is not modified at least annually; instead it is updated when changes are required. The controls are acceptable, and the documents are updated as required. This is a technical non-compliance.</p>	AAOSD 7.2(b)	2.26	EMS accepts the findings documented in this issue.
<p>Monitoring of service desk and monthly reporting of service desk information: Service desk incidents and requests are not tracked unless a GoToAssist or Jira ticket is raised because further work is required, including for major incidents. Where a request can be resolved immediately, and there is no email correspondence no record is kept. In many cases the time taken to raise and close a ticket to track service requests would take longer than resolving the service requests (e.g., a two-minute phone conversation).</p> <p>During the audit meetings I observed that the service desk is managed by dedicated and experienced staff who promptly act on incoming requests and resolve them as quickly as possible.</p> <p>Without all service requests being recorded and tracked and categorised according to the AASPA's priority levels, it is not possible to meet the monthly service desk reporting requirements. AAOSD 7.1(b) requires the following information to be included in the monthly report for the current month, along with summary information for all previous periods:</p> <ul style="list-style-type: none"> • number of new incidents/service requests, • number of incidents/service requests remaining open at the end of the period, • number of incidents/service requests escalated beyond the service desk, • number and percentage of incidents/service requests incorrectly assigned to the service desk, and • number of incidents resolved by the service desk without being notified by a user. 	AAOSD 7.1(b), 7.2(b), 7.3, 7.4	2.26	EMS accepts the findings documented in this issue.

Monitoring and reporting of service levels		
Non-compliance	Description	
<p>Report section: 2.26</p> <p>Rule: AAOSD 4.4, 7.1(b), 7.7(a)-(d), Gas (Downstream Reconciliation) Rules 2008 12 and 13</p> <p>From: July 2022</p> <p>To: June 2025</p>	<p>Audit history: Yes</p> <p>Controls: Needs improvement</p> <p>Impact: Insignificant</p>	<p>Apart from IT related service levels discussed in section 2.18, service levels are monitored by exception, rather than calculated as the number of compliant events/total number of events as set out in the AAOSD.</p> <p>Service desk performance is not actively monitored, unless a complaint is received or the resolution requires a system fix or multi step process and a Jira ticket is opened.</p> <p>There is no specific reporting on service level achievement within the monthly report, but there is a field to record the “number and details of Service Provider breaches” which can be used to report by exception.</p> <p>It is expected that EMS will identify any breaches of the service levels although they are not specifically monitored as discussed in the AAOSD.</p>
Remedial action rating	Remedial timeframe	Remedial comment
Low	Six to 12 months	No further comment
Audited party comment		
The circumstances of the matters outlined in the breach notice.	As described in the breach notice	
Whether or not the participant admits or disputes that it is in breach.	EMS accepts it is in breach	
Estimate of the impact of the breaches (where admitted).	Insignificant	
What steps or processes were in place to prevent the breaches?	None	
What steps have been taken to prevent recurrence?	EMS to work with GIC to agree next steps	

2.27 Monthly Charges (AAOSD clause 8)

Monthly invoicing occurs in accordance with the Allocation Agent Service Provider Agreement (ongoing services). There have not been any adjustment requests or inflation adjustment requests.

3. Allocation Agent obligations in the Gas (Downstream Reconciliation) Rules 2008

3.1 Allocation Agent Website (rule 9)

Under rule 9, the Allocation Agent is required to provide a website to publish information under the Gas (Downstream Reconciliation) Rules 2008 (GD RR). I confirmed that EMS is compliant with the requirements of rule 9.

Rule	Rule description	Findings
GD RR 9.1	The Allocation Agent must operate a website for the purpose of publishing information under these rules.	✓ Compliant, the website is available at https://www.gasreconciliation.co.nz/ .
GD RR 9.2	The Allocation Agent website must be functional and available to the public.	✓ Compliant, the website is functional and available to the public.
GD RR 9.3	The Allocation Agent must ensure the information on the website is accurate and up to date.	✓ Compliant. Allocation reports are automatically published on the website from the Allocation database. A sample of information checked confirmed that it is accurate and up to date including the downloads page for GAR060, GAR070, GAR080 and GAR090 files, and the resources page.
GD RR 9.4	The Allocation Agent must publish on the Allocation Agent website all information provided to it by the industry body for the purposes of publication by the industry body. For the purposes of these rules, such information will be deemed to have been published by the industry body.	✓ Compliant. EMS is rarely asked to publish information on Gas Industry Company's behalf, but ensure that information is published as soon as possible.
GD RR 9.5	Notwithstanding anything else in these rules, the Allocation Agent must not publish any information that it considers is confidential or commercially sensitive.	✓ Compliant. Staff are trained on confidentiality, privacy and information security.

3.2 Insurance Cover (rule 10)

Under rule 10, the Allocation Agent must at all times maintain any insurance cover that is required by the Allocation Agent Service Provider agreement, on the terms and in respect of risks prescribed by the industry body, with an insurer approved by the industry body. I checked compliance with the requirements.

Reference	Requirement description	Findings
GD RR 10	Insurer is approved by Gas Industry Company.	✓ Compliant.

Insurance is also covered under clause 13 of the AASPA, and compliance with those requirements is recorded in **section 2.10**.

3.3 Performance Standards (rule 11)

Under rule 11, the Industry Body and the Allocation Agent must, at the beginning of the term of the appointment and at the beginning of each financial year, seek to agree on a set of performance standards against which the Allocation Agent's performance must be reported and measured at the end of the financial year.

Performance standards were agreed in October 2013 and these are documented in the Allocation Agent Service Provider Agreement (ongoing services) dated 4 October 2013. There have not been any changes to the performance standards since that date.

Performance standards are not specifically agreed at the beginning of each financial year. They are instead agreed at the beginning of the term of the appointment, on renewal of the appointment and when any major projects are undertaken. *Non-compliance is recorded below.*

Recommendation	Audited party comment
Agreement on performance standards as part of annual meeting Consult with Gas Industry Company to determine whether performance standards should be agreed upon annually, and if so, include this as part of the annual review meeting.	EMS accepts this recommendation

Agreement on performance standards at the beginning of the financial year		
Non-compliance	Description	
Report section: 3.3 Rule: Gas (Downstream Reconciliation) Rules 2008 rule 11 From: 1 July 2024 To: 16 June 2025	Audit history: No Controls: Acceptable Impact: Insignificant	Rule 11 requires Gas Industry Company and the Service Provider to agree on a set of performance standards at the beginning of each financial year. Performance standards are not specifically agreed at the beginning of each financial year. They are instead agreed at the beginning of the term of the appointment, on renewal of the appointment and when any major projects are undertaken. Gas Industry Company and EMS meet monthly and any issues with performance and/or performance standards are able to be addressed promptly as they arise.
Remedial action rating	Remedial timeframe	Remedial comment
Low	Remediated	Performance standards were agreed at 2025 Annual Review in August.

		Item will be a fixed agenda item for future Annual Reviews.
Audited party comment		
The circumstances of the matters outlined in the breach notice.	As described in the breach notice	
Whether or not the participant admits or disputes that it is in breach.	EMS accepts it is in breach	
Estimate of the impact of the breaches (where admitted).	Insignificant as there have not been any changes to the performance standards since 2013.	
What steps or processes were in place to prevent the breaches?	None	
What steps have been taken to prevent recurrence?	Performance standards were agreed at 2025 Annual Review in August. Item will be a fixed agenda item for future Annual Reviews.	

3.4 Allocation Agent Self Reviews (rules 12 and 13)

The Allocation Agent must conduct, on a monthly basis, a self-review of its performance, concentrating on compliance with the rules, terms of the Allocation Agent Service Provider Agreement and any performance standards agreed with the Industry Body. A report must be provided to the Industry Body on the last business day of each month.

Rule	Rule description	Findings
GDRR 12	The Allocation Agent must conduct, on a monthly basis, a self-review of its performance, including whether it has complied with rules, agreements, service descriptions and performance standards.	Self-reviews are completed monthly, when preparing the monthly report. As recorded in section 2.26 , service level achievement is monitored by exception and not all obligations are reviewed or reported on. <i>Non-compliance is recorded in section 2.26 under Monitoring and reporting of service levels.</i>
GDRR 13	On the last business day of each month, the Allocation Agent must provide a written report to the industry body on the results of the review carried out under rule 12.	✓ Compliant. The reports are prepared in the first week of each month, provided to Gas Industry Company and reviewed at each scheduled monthly meeting between Gas Industry Co and Allocation Agent.
GDRR 13.2.1	The report must contain any circumstances identified by the Allocation Agent where it has failed, or may have failed, to comply with any of its obligations under these rules, the terms of the Allocation Agent Service Provider agreement or any performance standards agreed between the industry body and the Allocation Agent.	✓ Compliant, the reports include Allocation Agent performance and any Service Provider breaches. Please note that non-compliance is recorded in section 2.26 under Monitoring and reporting of service levels because not all service levels are monitored.

Rule	Rule description	Findings
GDRR 13.2.2	The report must contain any area that, in the opinion of the Allocation Agent, an amendment to these rules may need to be considered.	✓ Compliant. No information on potential rule amendments have been included in the reports, because no potential rule amendments have been identified.
GDRR 13.2.3	The report must contain any other matter that the industry body reasonably requests provided that the industry body makes its request within a reasonable time before the report is due.	✓ Compliant. There have been no requests for inclusion of additional information in the report by Gas Industry Company.

3.5 Information Exchange File Formats (rule 25)

Under rule 25, the Industry Body may give notice specifying one or more information exchange file formats that the Allocation Agent must provide information in. The new format must be used within three months of receiving notification.

There have been no changes to information exchange file formats in the last 30 months. I checked the format of at least one of each file generated by the Allocation Agent against the functional specification and confirmed the formats were correct.

3.6 Determination of G1M Gas Gates (rule 25C.5)

Under rule 25C.5 the Allocation Agent will determine and publish the G1M gas gates in accordance with the G1M criteria for each gas year, by the 1st business day of July in the previous gas year.

The G1M gas gates were determined and published on the Allocation Agent website prior to 1 July.

3.7 Use of Estimates (rule 43)

For the purpose of performing allocations under the Downstream Reconciliation Rules, the Allocation Agent must estimate consumption information if it has not been provided by a retailer or the Transmission System Owner by the submission deadline, and for unmetered and oversized gas gates.

The Allocation Agent monitors receipt of data and prioritises following up missing data with the responsible participant, so that the missing data can be provided before running reconciliation submissions. Estimation of consumption and metered energy quantities is used only as a last resort, and the estimates will be replaced by actual data if it is received later. As part of each allocation run, the allocation system creates business days and non business day daily averages for ICPs in allocation groups 1 and 2 which can be used in the future to create estimates if data is missing. The Allocation Agent does not have any examples of estimates for consumption or metered energy quantities in the last 30 months.

The allocation database estimates quantities for unmetered and oversized gas gates for each allocation, and the process is compliant. Compliance with each rule was assessed:

Rule	Rule description	Findings
GDRR 43.1.1	The Allocation Agent must estimate the consumption information if a retailer has failed to provide the consumption information for the relevant allocation by the submission deadline.	✓ Compliant. There were no examples of estimates for retailer data in the last 30 months.
GDRR 43.1.2	The Allocation Agent must estimate the daily metered energy quantities if a Transmission System Owner has failed to provide the daily metered energy quantities for the relevant allocation by the submission deadline.	✓ Compliant. There were no examples of estimates for Transmission System Owner data in the last 30 months. A compliant example of a transmission data estimate for 30 April 2021 for Kairanga was provided, and revised submission data was washed up once the injection quantities became available.
GDRR 43.1.3	The Allocation Agent must estimate the daily metered energy quantities for unmetered gas gates and oversized metered gas gates in accordance with the formula set out in rule 43.1.3.	<p>✓ Compliant. Gas gates are defined as unmetered or oversized when they are created in the allocation system, and the missing data is estimated.</p> <p>Gates with missing data are identified on the estimate missing data list within the allocation database and the Allocation Agent runs system tasks to estimate the volumes according to the formula in 43.1.3 and then push the estimates into the database table. After running the system tasks, the Allocation Agent checks to ensure that there is no missing data and estimates were created appropriately.</p>
GDRR 43.2	If the Allocation Agent uses estimated information or quantities in the allocation process, the Allocation Agent must include a notation with the allocation results that the allocation results include information or quantities that have been estimated by the Allocation Agent.	✓ Compliant. I confirmed that the estimated transmission data for 30 April 2021 for Kairanga was labelled with an "E" in the allocation results, and oversized and unmetered gas gates had their data labelled with an "E" in the allocation results for the May 2025 initial submission.

3.8 Correction of Allocations (rule 44)

Under rule 44.3, the Allocation Agent may amend any allocation result provided under these rules if, by 1730 hours on the next business day after the allocation result was provided, the Allocation Agent makes the amendment and notifies all affected allocation participants of the amended allocation result. Compliance with each rule was assessed.

Rule	Rule description	Findings
GDRR 44.3	The Allocation Agent may amend any allocation result provided under these rules if, by 1730 hours on the next business day after the allocation result was provided, the	✓ Compliant. There was one example of a compliant correction under this clause in December 2022 for the November 2021 final

Rule	Rule description	Findings
	Allocation Agent makes the amendment and notifies all affected allocation participants of the amended allocation result.	allocation. Affected parties were notified of the republication and correction.
GDRR 44.4	If an error is subsequently discovered later than the deadline specified in rule 44.3, and the Allocation Agent acting reasonably considers that correction of that error would have resulted in a materially different allocation, then The Allocation Agent shall as soon as practicable pass the relevant information on to the appropriate allocation participants and the industry body; The industry body must consider whether or not to direct a special allocation in accordance with rule 51 to rectify the error.	<p>✓ Compliant. Special allocations were completed for:</p> <ul style="list-style-type: none"> October 2022 in December 2023, to replace incorrect submission data from one retailer where three ICPs had TOU volumes submitted but should have had zero, and December 2021 in January 2022 to correct a retailer under submission at Tuakau. <p>Affected parties were notified of the republication and corrections, and both special allocations were directed by Gas Industry Company.</p>

3.9 Global Method of Allocation (rules 45, 48, 49 & 50)

I audited this requirement by observing the allocation process for the May 2025 initial allocation and by checking manual re-calculations of certain outputs. The allocation process is documented with step by step instructions and there is a checklist to ensure all tasks are conducted. At a high level:

- retailers submit their (GAS040 and GAS050) submissions into the allocation portal or to the gas registry SFTP server:
 - the portal import process checks that the file is in the correct format with the expected values recorded in each field, and there is an open trading notification corresponding to the aggregation factor for the row, and
 - the registry generates trading notifications according to the dates that the retailer has supplied ICPs with each gas gate and allocation group, but retailers must provide trading notifications using the form on the Allocation Agent's portal where there is a supplementary transmission services agreement for the ICP, or if they wish to arrange for a trading notification to be set up in advance, where a backdated switch is due to be processed at a gate and allocation group combination they do not currently trade on,
 - the files submitted to the gas registry SFTP are swept into the allocation databases gate control area along with files submitted through the portal,
 - the files are imported into the main database tables by the Allocation Agent, and
 - ✓ the data is checked for completeness, and any late or missing data is followed up with the retailer; there is a process to estimate data if values are not provided,
- prior to the submission deadline, the Transmission System Owner emails the Allocation Agent to confirm that transmission data for the reporting period has been published on OATIS:

- ✓ injection quantities are downloaded from OATIS to the EMS network and then imported into the allocation database by the Allocation Agent,
- ✓ the data is checked for completeness, and any late or missing data is followed up with the Transmission System Owner and the download is performed again once complete data is available in OATIS; there is a process to estimate data if values are not provided,
- ✓ if a file fails to import, a file import error is generated, but because these are so rare they are not usually checked - when I observed the data import for the May 2025 initial allocation I found that data for PYE36601 failed to import because the Transmission System Owner had renamed the gate in their system from 36601 to PYE36601⁵ and a match could not be found in the allocation database; the error was found through later validations, but could be found more quickly in future by reviewing the error messages,
- a check run is completed, which compares the retailer consumption data against trading notifications which are received from the registry via SFTP to make sure that consumption data is provided for all gas gate and allocation group combinations with open trading notifications for the retailer:
 - ✓ errors are generated for any gas gates with data where there is no open trading notification (this is very rare because files with missing notifications are normally stopped before being imported into the Allocation Agent portal) and not sent errors are generated where the previous allocation submission contained the gas gate and allocation group combination but the current submission does not; each of these is checked against trading notifications and the previous submission to confirm whether they are valid, and any exceptions are followed up with the retailer,
- missing data is estimated:
 - ✓ the Allocation Agent filters the retailer and injection data in the allocation database to identify any missing values, which are typically only for unmetered and oversized gas gates
 - ✓ estimates are created by the allocation database and added to the check run version; it is very rare for other injection data to be missing, but if it is, further checks are completed to determine which gates are affected and follow up with the Transmission System Owner and import the data once it is available, and rerun the check for missing values (if the Transmission System Owner cannot provide validated or unvalidated data the allocation system will create an estimate compliant with the rules),
- daily averages are calculated by the allocation database for each ICP in allocation group 1 or 2 for business days and non business days, which are saved for use in future estimation processes as needed,
- the allocations are run in the allocation database to produce allocation reports for the allocation period and run selected; the reports required to be produced for each allocation run are set in the allocation database's system parameters and are compliant with the rules and the Allocation Agent Functional Specification - the reports can be selected to run one by one, or run as a group,

⁵ This gate was an anomaly, the gas gate is normally the full gas gate code, and was corrected to be consistent with other gates.

- the reports are validated prior to publication:
 - ✓ the **GAR070 summary UFG and retailer allocation** which shows the initial, interim and final allocation monthly injection, monthly and rolling annual UFG, G1M UFG and non G1M UFG, and total allocation for each retailer by gas gate; it is validated in a spreadsheet based template to identify any gas gates with UFG over $\pm 5\%$ and $\pm 2,000$ GJ, which are checked using the GAR170,
 - ✓ the **GAR170 summary submissions** shows the total injection quantities by gas gate and total retailer consumption quantities (and estimates) by gas gate and allocation group; it is validated in a spreadsheet based template, which graphs injection versus retailer submissions with the difference being UFG, and presents data in table format alongside the latest data reported for surrounding months, and previous submissions for initial and final submissions (charts are checked for each gas gate with particular focus on any gates which were identified as having UFG over $\pm 5\%$ and $\pm 2,000$ GJ when reviewing the GAR170 and the review includes checking that data was received for all expected participants at the gas gate and follows an expected pattern),
 - ✓ anomalies which cannot be explained or appear unlikely to be reasonable based on expected consumption patterns for the gate may be queried with the affected retailer or the Transmission System Owner; an email showing “problem gates” is sent to Gas Industry Company for each allocation which includes any gates which were investigated, the associated charts, tables and notes on findings,
- once validation is complete, the Allocation Agent publishes the run, which automatically creates the individual reports and publishes them on the Allocation Agent portal and transfers them to the gas registry SFTP according to pre-set system parameters which ensure that information is only made available to the people authorised to receive it; an automated email is generated to email addresses set up for each participant to advise them that the allocation reports are available and can be retrieved by logging into the portal,
- queries on injection volumes, consumption volumes and allocated volumes may be received at any stage of the allocation process or post publication of reports from participants, the Transmission System Owner or Gas Industry Company; the queries are investigated as soon as possible and results are provided back to the person who raised the query and any issues are passed to Gas Industry Company for consideration.

Recommendation	Audited party comment
Review allocation database import errors to identify failed updates promptly: Review import errors after import of injection and retailer data into the allocation database.	EMS accepts this recommendation

Compliance with each rule was assessed, by talking through the process, observing the May 2025 initial allocation and reperforming a sample of calculations which were matched to the allocation reports.

Rule	Rule description	Findings
GD RR 45.2.1	Receive the daily metered energy quantities injected at each allocated gas gate for each day for that	✓ Compliant. I confirmed that the expected process was followed for the May 2025 initial submission.

Rule	Rule description	Findings
	consumption period provided by Transmission System Owners in accordance with rule 41.	
GDRR 45.2.2	Receive the consumption information for each day for that consumption period provided by retailers in accordance with rules 31 to 33.	✓ Compliant. I confirmed that the expected process was followed for the May 2025 initial submission.
GDRR 45.2.3	Calculate the allocated quantities for each day in the consumption period for allocation groups 1 and 2 for each allocated gas gate (except for G1M gas gates) and retailer in accordance with the formula set out in the rules.	✓ Compliant. I checked the calculation for February 2025 for DRU15101 and against the GAR070.
GDRR 45.2.4	Calculate the allocated quantities for each day in the consumption period for allocation groups 3 and 5 for each allocated gas gate (except for G1M gas gates) and retailer in accordance with the formula set out in the rules.	Not applicable. There are no allocation group 3 or 5 ICPs.
GDRR 45.2.4A	Calculate the allocated quantities for each day in the consumption period for allocation groups 1,2,3,and 5 for each G1M gas gate and retailer in accordance with the formula set out in the rules.	✓ Compliant. I checked the calculation for May 2025 for G1M gas gate KIN02601, and compared the results to the GAR070 and GAR170.
GDRR 45.2.5	Calculate the gas gate residual profile for the consumption period for each allocated gas gate in accordance with the formula set out in the rules.	✓ Compliant. I checked the calculation for May 2025 for G1M gas gate KIN02601, and compared the results to the GAR040.
GDRR 45.2.6	Calculate the allocated quantities for each day in the consumption period for allocation groups 4 and 6 for each allocated gas gate (except for G1M gas gates) and retailer in accordance with the formula set out in the rules.	✓ Compliant. I checked the calculation for February 2025 for G1M gas gate DRU15101, and compared the results to the GAR070.
GDRR 45.2.6A	Calculate the allocated quantities for each day in the consumption period for allocation groups 4 and 6 for each G1M gas gate and retailer in accordance with the formula set out in the rules.	✓ Compliant. I checked the calculation for May 2025 for G1M gas gate KIN02601, and compared the results to the GAR070.
GDRR 45.2.7	Scale the allocated quantities for each allocation group for each allocated gas gate and retailer in accordance with the formula set out in the rules if any residual unallocated quantities remain at an allocated gas gate for the day; or the total allocated quantities at an allocated gas gate exceed the daily metered energy quantity injected at the allocated gas gate in GJ provided under rule 41 for the day.	✓ Compliant. I checked the scaling calculation for May 2025 for G1M gas gate KIN02601, and confirmed it was correct.

Rule	Rule description	Findings
GDRR 45.2.8	Aggregate for each retailer (including by that retailer's transmission services agreement), for each allocated gas gate and for each day, the allocated quantities for each allocation group to produce total allocated quantities by retailer by allocated gas gate.	✓ Compliant. I checked a sample of allocation reports for February 2025 and May 2025 and confirmed that they were correct.

The previous audit recorded an issue where the level of precision for rounded numbers was insufficient. The Allocation Agent Functional Specification Version 2.9, dated 20 July 2019, stipulates accuracy is required to three decimal places. The relevant section is shown below:

7.5 Rounding of numbers

Where numeric values contained in GAR outputs are used by the allocation system in subsequent processes (i.e. the allocated GJ in GAR010; the gas gate residual profile in GAR040; the AUFG and MUFG factors in GAR070), the system shall use the level of accuracy contained in the reports as the level of accuracy inputted into the subsequent process or processes (i.e. the aggregated GAR020 and GAR030 quantities will sum the 3 decimal place inputs from GAR010; the AUFG factor calculated in GAP010 will be 4 decimal places; the MUFG factor calculated in GAP080 and the G1M MUFG factor calculated in GAP060 will be 6 decimal places; the gas gate residual profile calculated in GAP100 will be 3 decimal places). In all other instances, the system shall use the number of decimal places contained in its specification.

Each report contained a maximum number of decimal places consistent with the Allocation Agent Functional Specification, but the reported volumes did not always match the expected result to three decimal places. For example, the GAR070 for February 2025 for DRU15101 and May 2025 for KIN02601 matched the expected results to two rather than three decimal places, and GAR060 results for GIS07801 for March 2023 to February 2025 matched to two rather than three decimal places. *This is recorded as an issue below.*

The previous auditor's and my interpretation of this requirement is that the GAR060 and GAR070 should be accurate to three decimal places because the inputs have at least three decimal places. Rounding differences have been present in the allocation system since before EMS became the Allocation Agent, and no changes have been made to rounding processes within the database.

Issue	Section in rules or agreement	Section in this report	Audited party comment
Rounding within the GAR070 calculation: Rounding occurs within the GAR060 and GAR070 allocation database calculations resulting in the report output matching an unrounded manual calculation within two rather than three decimal places.	The Allocation Agent Functional Specification, Version 2.9, dated 20 July 2019 section 7.5	3.9	EMS accepts the findings documented in this issue.

3.10 Calculation of UFG Factor (rule 46)

When performing an initial allocation, an interim allocation or a final allocation, the Allocation Agent must calculate the UFG factor in accordance with this rule. Compliance with each rule was assessed:

Rule	Rule description	Findings
GDRR 46.3.1	The annual UFG factor means the factor determined in accordance with the formula set out in the rules.	<p>✓ Compliant. Calculations were provided for GIS07810 for the annual UFG factor for October 2024 to September 2025, which were matched to the GAR090. The data matched the calculations to four decimal places as required by the file formats, and was based on the correct months.</p> <p>Review of the monthly UFG for two gas gates in the February 2025 GAR070 confirmed it was correct to six decimal places.</p>
GDRR 46.3.2	The monthly UFG factor means the factor determined in accordance with the formula set out in the rules.	<p>✓ Compliant. Calculations were provided for GIS07810 for February 2025 for GNVG, which confirmed that the calculation process was correct and the results were consistent with the GAR070 to six decimal places.</p>
GDRR 46.3.3	The G1M monthly UFG factor means the factor determined in accordance with the formula set out in the rules.	<p>✓ Compliant. Calculations were provided for CAM17201 for February 2025 for GNVG, which confirmed that the calculation process was correct and the results were consistent with the GAR070 to six decimal places.</p>
GDRR 46.4.1	The Allocation Agent must publish the monthly UFG factor and G1M monthly UFG factor which apply for each month for initial allocations by 1200 hours on the 5th business day of each month, for interim allocations by 0800 hours on the 11th business day of each month, and for final allocations by 0800 hours on the 16th business day of each month.	<p>✓ Compliant. Review of a sample of GAR070 files on the Gas Allocation portal confirmed that they were published on time. Review of the data for CAM17201 and GIS07801 for February 2025 confirmed that the monthly UFG factor was correct and matched to six decimal places.</p>
GDRR 46.4.2	The Allocation Agent must publish the annual UFG factor which will apply for each gas year by the 1st business day of July in the previous gas year.	<p>✓ Compliant. Review of a sample of GAR090 files on the Gas Allocation portal confirmed that they were published on time. I reviewed the most recent GAR090 and confirmed it was compliant with the requirements of the functional specification and was accurate.</p>

3.11 Correction of an Annual UFG Factor (rule 46A)

Under rule 46A.1, the Industry Body may require the Allocation Agent to correct and republish an annual UFG factor up to 15 months after that annual UFG factor has been determined and published.

The Allocation Agent was directed to correct the Annual UFG factors for new gas gate Tauriko (TKO39301) with a start date of 1 October 2022 and Taupo (TAU07001) following special allocations. Compliance with each rule was assessed:

Rule	Rule description	Findings
GDRR 46A.3.1	The correction of the annual UFG factor must be calculated in accordance with rule 46.3.1	✓ Compliant. I checked the UFG factor calculation for TAU07001.
GDRR 46A.3.2	The Allocation Agent must publish the corrected annual UFG factor and replace the annual UFG factor published under rule 46.4.2 and include a notation that the annual UFG factor has been recalculated.	✓ Compliant. I checked the UFG factor changes for TAU07001 and TKO39301 and confirmed that they were correctly published.
GDRR 46A.3.3	When publishing under 47.3.2, the Allocation Agent must republish (but not re-calculate) the annual UFG factor for all other allocated gas gates.	✓ Compliant. I checked the UFG factor changes for TAU07001 and TKO39301 and confirmed that they were correctly published, and the factors for other gates were republished but not amended.
GDRR 46A.3.4	The corrected annual UFG factor will apply to all allocations in the relevant gas year performed after the date that the corrected annual UFG factor is published	✓ Compliant. I confirmed that the correct annual UFG factor was applied to submissions post correction.

3.12 Force Majeure Event During Consumption Period (rule 47)

There have not been any “force majeure” events.

3.13 Special Allocation (rule 51)

At any time during the period after an initial allocation has been performed up to 12-months after a final allocation has been performed, the Industry Body may require the Allocation Agent to perform a special allocation for the relevant consumption period in addition to, or replacing, an initial allocation, an interim allocation, or a final allocation for that same consumption period.

A special allocation was completed for December 2021 in January 2022 to correct a retailer under submission at Tuakau. Affected parties were notified of the republication and corrections, and both special allocations were directed by Gas Industry Company. The process and results complied with the relevant rules.

3.14 Annual Reconciliation (rule 52)

The purpose of an annual reconciliation is to verify, on a monthly basis, the accuracy and completeness of consumption information provided to the Allocation Agent for the previous 12 billing months against the energy quantities billed to consumers during that period. Compliance with each rule was assessed:

Rule	Rule description	Findings
GDRR 52.2.1-2	For the purposes of an annual reconciliation, the Allocation Agent must, by 1700 hours on the 13th business day of each month, compare the sum of the total energy quantities billed provided by each retailer for each allocated gas gate in accordance with rule 52.2.1 of the Downstream Reconciliation Rules for the 12 months up to and including the previous invoice month; with the sum of best available consumption information provided by each retailer for each allocated gas gate in accordance with rules 31 to 33 of the Downstream Reconciliation Rules for the 12 months prior to (but not including) the previous invoice month.	<p>✓ The reports are manually triggered to be generated and published on the Allocation Agent Portal in the Allocation Agent's system.</p> <p>Calculations were provided for the January 2025 GAR080 report for GIS07810 for CTCT (covering February 2024 to January 2025) which confirmed that it is calculated accurately and the correct months were included. The manual calculations matched the reported data within three decimal places.</p>
GDRR 52.2.3	The Allocation Agent must publish the results of the comparison performed under rule 52.2.2 by 0800 hours on the 14th business day of each month.	<p>✓ I reviewed a sample of GAR080 reports and confirmed that they were published on time. Due dates for allocations are managed in an outlook calendar and a GAA progress checklist where tasks are tracked.</p>

3.15 Allocation Agent Reports (rules 48, 49, 50 and 53)

The Allocation Agent is required to provide reconciliation reports under rule 53. Compliance with each rule was assessed:

Rule	Rule description	Findings
GDRR 53.1	GAR060 seasonal adjusted daily shape values: No later than one business day after each initial allocation, interim allocation, final allocation or special allocation, the Allocation Agent must publish the seasonal adjustment daily shape values for every allocated gas gate calculated in accordance with the formula set out in the rules.	<p>✓ Compliant. GAR060 SADSV reports are produced automatically by the Allocation Agent's system as part of each allocation report run. No breaches were alleged for late reports, and I reviewed a sample of GAR060 reports on the Allocation Agent's portal and confirmed they were provided on time.</p> <p>A manual calculation of the seasonal adjusted shape values was provided for GIS07801 for March 2023 to February 2025 and I confirmed it was accurate. The report values matched to 2dp rather than 3dp as required by the Allocation Agent's specification. <i>This is recorded as non-compliance in section 3.9.</i></p>
GDRR 53.2	GAR070 summary UFG and retailer allocation: In respect of each allocated gas gate, by no later than one business day after each initial allocation, interim allocation, final allocation or	<p>✓ Compliant. GAR070 reports are produced automatically by the Allocation Agent's system as part of each Allocation report run. No breaches were alleged for late reports, and I reviewed a sample of GAR070 reports on the</p>

Rule	Rule description	Findings
	<p>special allocation, the Allocation Agent must publish the following reports for each allocation:</p> <ul style="list-style-type: none"> the sum of the daily metered energy quantities injected at each allocated gas gate for each of the relevant consumption periods as provided by the Transmission System Owner under rule 41, the sum of the quantities of gas allocated to each retailer in the previous month, in respect of each of the relevant consumption periods, and the total amount of, and the percentage of, UFG at each allocated gas gate for the previous month and previous 12-months. 	<p>Allocation Agent's portal and confirmed they were provided on time.</p> <p>A manual calculation of the GAR070 values was provided for GIS07801 for February 2025 and I confirmed it was accurate. The report values matched to 2dp rather than 3dp as required by the Allocation Agent's specification. <i>This is recorded as non-compliance in section 3.9.</i></p>
GDRR 53.3	<p>GAR050 initial versus final consumption comparison: By 1200 hours on the 5th business day of each month, in respect of each consumption period for which a final allocation has been performed in the previous 12-months, the Allocation Agent must provide a report for each allocated gas gate to retailers and the industry body on the percentage of error in the accuracy between the aggregated consumption information for consumer installations in allocation groups 3 to 6 provided under rule 31 by each retailer to the Allocation Agent for initial allocation; and the aggregated consumption information for consumer installations in allocation groups 3 to 6 provided under rule 33 by each retailer to the Allocation Agent for final allocation</p>	<p>✓ GAR050 report initial versus final consumption comparison reports are run using an ad hoc report process.</p> <p>A manual calculation of the GAR070 values was provided for GIS07801 for February 2023 and I confirmed it was accurate.</p>
GDRR 48	<p>Timeliness of initial allocations: By 1200 hours on the 5th business day of each month, the Allocation Agent must perform the initial allocation with respect to each allocated gas gate, and provide the reports set out in rule 48 to retailers and the Transmission System Owner.</p>	<p>✓ Compliant. No breaches were recorded for late allocation results.</p> <p>Scheduled tasks are managed using a GAA monthly checklist and a training matrix is used to ensure that staff who can complete the allocations are available in the event that key staff are absent.</p>
GDRR 49	<p>Timeliness of interim allocations: By 0800 hours on the 11th business day of each month, the Allocation Agent must perform the interim allocation with respect to each allocated gas gate and provide the reports set out in rule 49 to retailers and the Transmission System Owner.</p>	

Rule	Rule description	Findings
GDRR 50	Timeliness of final allocations: By 0800 hours on the 16th business day of each month, the Allocation Agent must perform the final allocation with respect to each allocated gas gate and provide the reports set out in rule 50 to retailers and the Transmission System Owner.	

3.16 Deemed Profiles (rules 54 to 62)

There are no deemed profiles in use.

3.17 Major Change Audits (rule 65.4)

Under rule 65.4, if the Allocation Agent or an allocation participant intends to make a change to any of its systems, processes or procedures that could reasonably be considered to be likely to have a major impact on the Allocation Agent's or allocation participant's compliance with these rules, it must, at least 90 days before the change is to take place, advise the Industry Body of the proposed change.

EMS confirmed there have not been any major changes subject to a major change audit. Proposed changes are agreed with Gas Industry Company in advance, and whether a major change audit is needed is considered as part of this.

3.18 Event Audits (rule 66.3)

The Allocation Agent or any allocation participant may request the Industry Body to cause an event audit to be performed under rule 66.1. No event audits have been commissioned in the last 30 months.

3.19 Provision of information to the auditor (rule 69)

The Allocation Agent must comply with requests for information for audits. Compliance with each rule was assessed:

Rule	Rule description	Findings
GDRR 69.3	The Allocation Agent, the industry body and every allocation participant must comply with a request under rule 69.1 but nothing in this rule limits any claim for legal professional privilege.	✓ Compliant. All information requested for this audit was provided on time and no breaches were recorded by the market administrator for late provision of information.
GDRR 69.4	In providing information to the auditor, an allocation participant or the Allocation Agent may indicate to the auditor where such information is considered to be confidential.	There have been no performance or event audits where the Allocation Agent has been required to provide information in the last 30 months apart from this audit.

4. Allocation Agent obligations in the Gas Governance (Compliance) Regulations 2008

4.1 Alleging breaches

Under regulation 11 of the Gas Governance (Compliance) Regulations 2008 (GGCR) if a reporting participant believes on reasonable grounds that any other participant has breached the rules, the reporting participant must notify the market administrator of the alleged breach as soon as possible. There is an exception to regulation 11, stating that breaches of rule 37 of the Gas (Downstream Reconciliation) Rules 2008 do not need to be reported except where there is a likely material issue.

EMS has processes in place to determine materiality and to report breaches to the market administrator. Breaches are most commonly alleged for provision of inaccurate information, and when reviewing corrections I viewed examples where the Allocation Agent had recorded alleged breaches.

Breaches of rules 31, 32 and 33 which require retailers to provide consumption information prior to the submission deadline occur regularly, but breaches are not alleged unless the data is not provided before the allocation run commences and the Allocation Agent needs to estimate data. *This is recorded as non-compliance below.*

There are a small number of gas retailers. All are aware of the submission deadlines and will usually communicate with the Allocation Agent in advance if there is an issue which could cause them to provide submission information late. The Allocation Agent closely monitors receipt of submissions, and any expected files which have not been received are followed up with the retailer or Transmission System Owner within five to ten minutes of the submission deadline. I observed the May 2025 initial allocation and found that one retailer did not provide data by the submission deadline, which was followed up by the Allocation Agent and provided within ten minutes of the submission deadline.

Data may be provided late where the retailer is awaiting actual meter data in an effort to avoid providing estimated data, is validating their data close to the submission deadline, or is unable to upload their file through the portal because of a file format issue, or because a trading notification is needed. Gas Registry information is used to create trading notifications, but where backdated switches occur, new gas gate and allocation group combinations can appear in submissions before a trading notification is set up. In these cases, the retailer contacts the Allocation Agent who immediately creates a trading notification in the database so that the file can be submitted. The Allocation Agent focusses on working with the participants to ensure that complete and accurate information is used to produce the allocation results and will hold running the allocation process for as long as possible to enable this.

In the Allocation Agent's experience, none of the retailers appear to have systemic issues resulting in late submissions. Late submissions occur from time to time for different traders for submission runs with trading notification or data issues.

Breaches of rules 41 requiring the Transmission System Owner to provide consumption information prior to the submission deadline occur very rarely, but breaches are not alleged unless the data is not provided before the allocation run commences and the Allocation Agent needs to estimate data. The Transmission System Owner will provide unvalidated data if actual data is not available by the submission deadline, and to the best of EMS' knowledge it has not been necessary to estimate injection data.

Recommendation	Audited party comment
<p>Clarify when Gas (Downstream Reconciliation) Rule 31-34 breaches should be alleged</p> <p>Work with Gas Industry Company to determine whether a materiality limit or grace period should be applied when alleging rule 31, 32, 33 and 34 breaches. Develop a process to allege breaches of these rules in consultation with Gas Industry Company and the Market Administrator.</p>	EMS accepts this recommendation

Where breaches are alleged, I checked compliance with clauses 11 and 14.

Clause	Clause description	Findings
GGCR 11(1)	If a reporting participant believes on reasonable grounds that any other participant has breached the rules, the reporting participant must, subject to regulation 11A, notify the market administrator of the alleged breach as soon as possible.	✓ Compliant. I confirmed that breaches are alleged promptly except where the breach is subject to regulation 11A or relates to rules 31, 32, 33 or 34.
GGCR 11(2)	A notice under sub-clause (1) must be in writing and must specify (a) the participant that is alleged to have breached the rules; and (b) the rule or rules that are alleged to have been breached; and (c) the alleged circumstances relating to the alleged breach; and (d) the estimated date and time that the alleged breach occurred.	✓ Compliant. A breach template is used to ensure that the required fields are populated. I viewed examples of breaches and found that they were complete and clear, and promptly issued and complete.
GGCR 11(3)	The reporting participant may include notices under sub-clause (1) in regular reports to the market administrator as agreed between that reporting participant and the market administrator.	✓ Compliant. Regular reports are not provided, and are not required.
GGCR 11A	Breaches relating to rule 37 of the Gas (Downstream Reconciliation) Rules 2008 are not required to be reported, provided that the reporting participant is satisfied that, if it were to notify the market administrator of the alleged breach of any rule specified in paragraph there is no likelihood that the market administrator would determine under regulation 18 that the alleged breach raises a material issue on the basis of information known to the reporting participant.	✓ Compliant. The Allocation follows the guidance on their Confluence Page for breaches and non-compliance when determining whether a breach has occurred. Breaches are raised where there is a material consumption issue likely to require a special allocation.
GGCR 14	The market administrator may request information about the circumstances of the	✓ Compliant. The Allocation Agent will provide the requested information as soon as practicable, and may raise a Jira ticket to manage the

Clause	Clause description	Findings
	alleged breach, which must be provided as soon as practicable.	information provision process. There have been no requests for further information on alleged breaches in the last 30 months.

Rule 31, 32, 33 and 34 breaches are not alleged unless the Allocation Agent deems them to be material		
Non-compliance	Description	
Report section: 4.1 Rule: Regulation 11 of the Gas Governance (Compliance) Regulations 2008 From: July 2022 To: June 2025	Audit history: No Controls: Needs improvement Impact: Insignificant	Rule 31, 32, 33 and 34 breaches are not alleged unless the Allocation Agent deems them to be material, because they have required estimated data to be created for use in the allocation process or they have delayed an allocation run.
Remedial action rating	Remedial timeframe	Remedial comment
No action has been taken.	Six to 12 months	No further comment
Audited party comment		
The circumstances of the matters outlined in the breach notice.	As described in the breach notice	
Whether or not the participant admits or disputes that it is in breach.	EMS accepts it is in breach	
Estimate of the impact of the breaches (where admitted).	Insignificant	
What steps or processes were in place to prevent the breaches?	None	
What steps have been taken to prevent recurrence?	EMS to work with GIC to agree next steps	

5. Allocation Agent obligations in the Gas (Switching Arrangements) Rules 2008

5.1 Allocation Agent to notify Industry Body (rule 100)

The Allocation Agent must notify the industry body as soon as practicable if a retailer fails to provide consumption information under rules 31, 32, or 33 of the Gas (Downstream Reconciliation) Rules 2008.

As discussed in **section 4.1** incoming retailer submissions are monitored, and followed up with the retailer if they are not received by the submission deadline. In the Allocation Agent's experience, none of the retailers appear to have systemic issues resulting in late submissions. Late submissions occur from time to time for different traders for submission runs with trading notification or data issues, but are not reported to Gas Industry Company. *This is recorded as non-compliance below.*

Late provision of submission information is not reported to Gas Industry Company		
Non-compliance	Description	
Report section: 3.20 Rule: Rule 100 of the Gas (Switching Arrangements) Rules 2008 From: July 2022 To: June 2025	Audit history: No Controls: Needs improvement Impact: Insignificant	Late provision of submission information is not reported to Gas Industry Company.
Remedial action rating	Remedial timeframe	Remedial comment
No action has been taken.	Six to 12 months	No further comment
Audited party comment		
The circumstances of the matters outlined in the breach notice.	As described in the breach notice	
Whether or not the participant admits or disputes that it is in breach.	EMS accepts it is in breach	
Estimate of the impact of the breaches (where admitted).	Insignificant	
What steps or processes were in place to prevent the breaches?	None	
What steps have been taken to prevent recurrence?	EMS to work with GIC to agree next steps	

6. Allocation Agent obligations in the Gas (Critical Contingency Management) Regulations 2008

6.1 Allocation agent to provide information (regulation 40A)

The critical contingency operator may, to assist with more detailed load modelling, request from an Allocation Agent consumption data that the Allocation Agent holds under the Gas (Downstream Reconciliation) Rules 2008. Compliance with each regulation was assessed:

Clause	Clause description	Findings
40A	A request must specify the gas gates and the consumption months for which data is sought. The Allocation Agent must provide the data not later than 20 business days after receiving the request; and in the format in which retailers supply the data to the Allocation Agent, unless otherwise agreed with the critical contingency operator.	✓ Compliant. The Allocation Agent will provide the requested information as soon as practicable, and may raise a Jira ticket to manage the information provision process. There have been no requests for information under clause 40A in the last 30 months.

7. Recommendations

As a result of this audit, I have made five recommendations:

Report section	Recommendation
2.26	Annual review of documentation: Consult with Gas Industry Company to determine whether user documentation should be updated annually or reviewed annually with updates only completed as required. Agree updates to AAOSD 7.2(b) if necessary.
2.26	Monitoring of service levels: Consult with Gas Industry Company on the current agreed service levels and how they are reported and monitored, including for the service desk. Agree updates to the service levels AAOSD if necessary, and update service level monitoring and reporting processes to comply with the agreed service level monitoring and reporting requirements.
3.3	Agreement on performance standards as part of annual meeting: Consult with Gas Industry Company to determine whether performance standards should be agreed upon annually, and if so, include this as part of the annual review meeting.
3.9	Review allocation database import errors to identify failed updates promptly: Review import errors after import of injection and retailer data into the allocation database.
4.1	Clarify when Gas (Downstream Reconciliation) Rule 31-34 breaches should be alleged: Work with Gas Industry Company to determine whether a materiality limit or grace period should be applied when alleging rule 31, 32, 33 and 34 breaches. Develop a process to allege breaches of these rules in consultation with Gas Industry Company and the Market Administrator.

Appendix 1 – Control Rating Definitions

Rating	Definition
Ineffective	<p>The design of controls <u>overall is ineffective</u> in addressing key causes and/or consequences.</p> <p>Documentation and/or communication of the controls <u>does not exist</u> (e.g., policies, procedures, etc.).</p> <p>The controls are <u>not in operation</u> or have not yet been implemented.</p>
Needs improvement	<p>The design of controls <u>only partially</u> addresses key causes and/or consequences.</p> <p>Documentation and/or communication of the controls (e.g., policies, procedures, etc.) are <u>incomplete, unclear, or inconsistent</u>.</p> <p>The controls are <u>not operating consistently</u> and/or effectively and have not been implemented in full.</p>
Acceptable	<p>The design of controls is <u>largely adequate and effective</u> in addressing key causes and/or consequences.</p> <p>The controls (e.g., policies, procedures, etc.) <u>have been formally documented but not proactively communicated</u> to relevant stakeholders.</p> <p>The controls are <u>largely operating in a satisfactory manner</u> and are providing some level of assurance.</p>
Effective	<p>The design of controls is <u>adequate and effective</u> in addressing the key causes and/or consequences.</p> <p>The controls (e.g., policies, procedures, etc.) have been <u>formally documented and proactively communicated</u> to relevant stakeholders.</p> <p>The controls overall, are <u>operating effectively</u> so as to manage the risk.</p>

Appendix 2 – Impact Rating Definitions

Rating	Definition
Insignificant	<p>A <u>small number of issues</u> with registry file timeliness and/or accuracy. <u>Negligible impact</u> on other participants or consumers. <u>Did not prevent</u> the process completing.</p> <p>A <u>small number of issues</u> with the accuracy and/or timeliness of files to the Allocation Agent. Corrections <u>were</u> made by the interim allocation.</p> <p>A <u>small number of issues</u> not related to registry or allocation information.</p>
Minor	<p><u>Some issues</u> with registry file timeliness and/or accuracy. <u>Minor impact</u> on other participants or consumers. <u>Did not prevent</u> the process completing.</p> <p><u>Some issues</u> with the accuracy and/or timeliness of files to the Allocation Agent. Corrections <u>were</u> made by the interim allocation.</p> <p>A <u>small number of issues</u> not related to registry or allocation information.</p>
Moderate	<p>A <u>moderate number of issues</u> with registry file timeliness and/or accuracy. <u>Moderate impact</u> on other participants or consumers. <u>Did prevent</u> some processes completing.</p> <p>A <u>moderate number of issues</u> with the accuracy and/or timeliness of files to the Allocation Agent. Corrections <u>were not</u> made by the interim allocation.</p> <p>A <u>moderate number of issues</u> not related to registry or allocation information.</p>
Major	<p>A <u>significant number of issues</u> with registry file timeliness and/or accuracy. <u>Major impact</u> on other participants or consumers. <u>Did prevent</u> some processes completing.</p> <p>A <u>significant number of issues</u> with the accuracy and/or timeliness of files to the Allocation Agent. Corrections <u>were not</u> made by the interim allocation.</p> <p>A <u>significant number</u> of issues not related to registry or allocation information.</p>

Appendix 3 – Remedial Rating Definitions

Rating	Definition
Completed	The alleged breach and impact have been resolved. Systems and processes are now compliant.
In progress	Steps are being taken to resolve the alleged breach and impact and ensure systems and processes are compliant.
No action	Participant undertakes no action to resolve or address auditor controls or impact assessments for commercial reasons.

Appendix 4 – EMS Comments

EMS provided comments which are recorded in the body of the report.