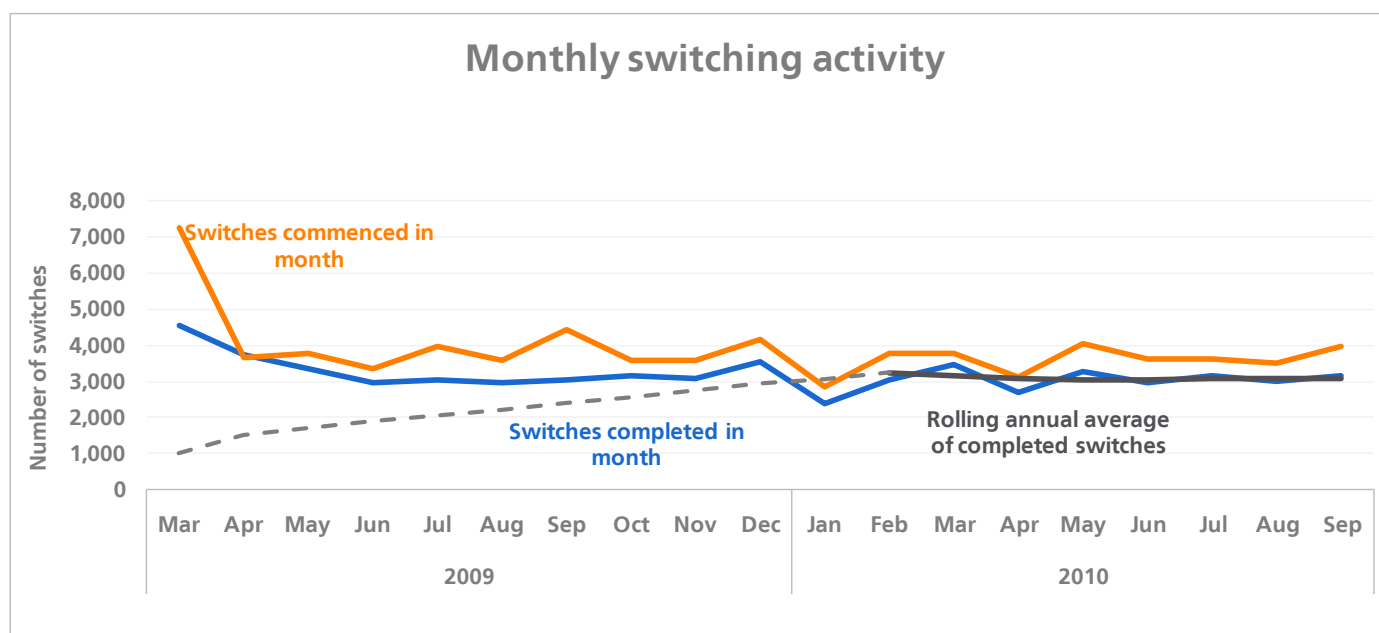


# Performance Measures Quarterly Report for the period ending 30 September 2010

## 1 Switching performance measures

### Monthly switching activity

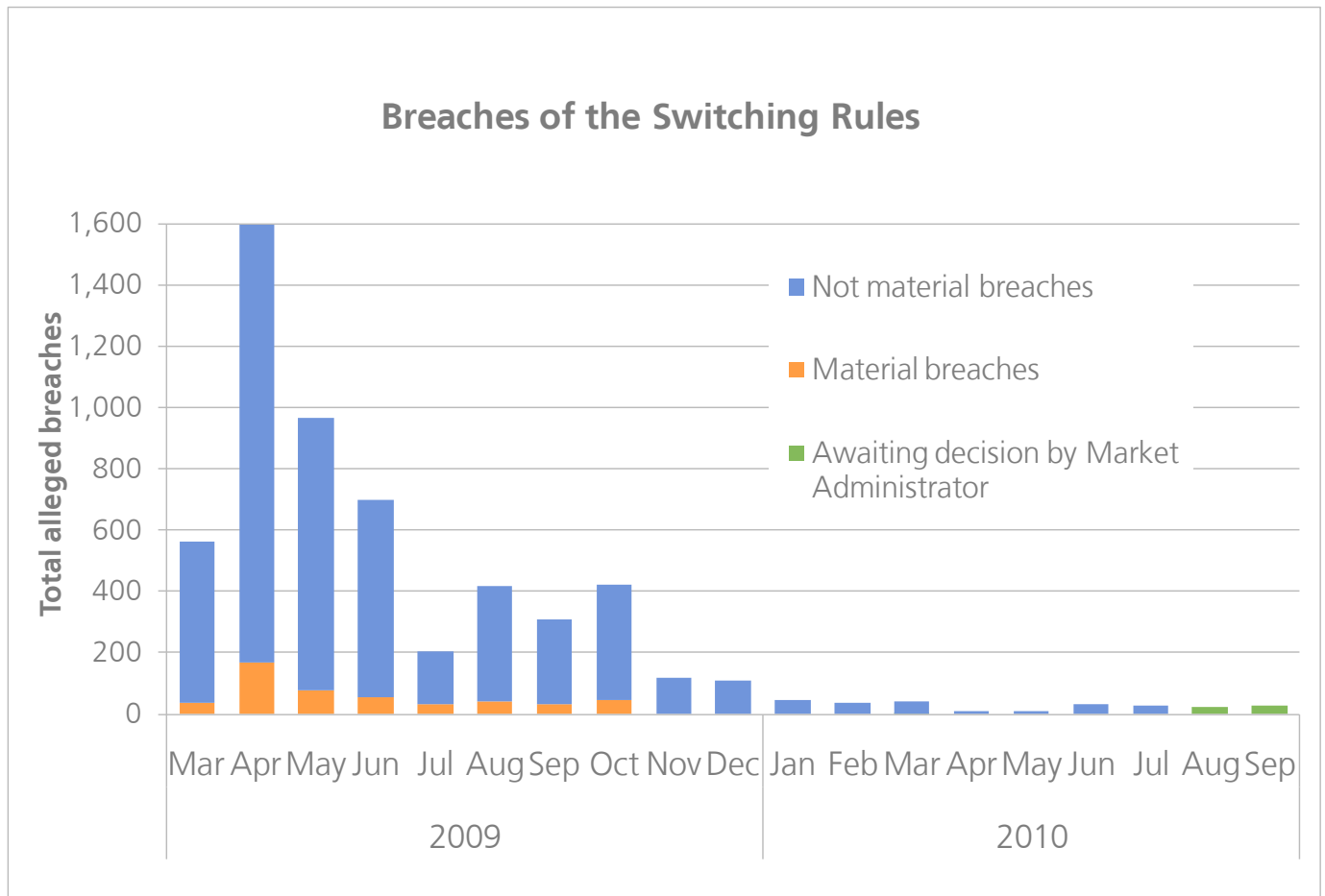
The number of completed switches in a month has remained relatively constant since shortly after the commencement of the Switching Rules. The rolling annual average of switches has settled to about 3,050 per month.



Note that the above chart includes only switches that occurred on open-access distribution networks; switches from open-access to bypass networks (or vice versa) would not be recorded as a switch in the Gas Registry.

## Number and severity of breaches to the Switching Rules

The number of switching breaches has fallen significantly since the inception of the Switching Rules, as has the severity of the breaches. The Market Administrator has not determined a breach of the Switching Rules to be material since October 2009.

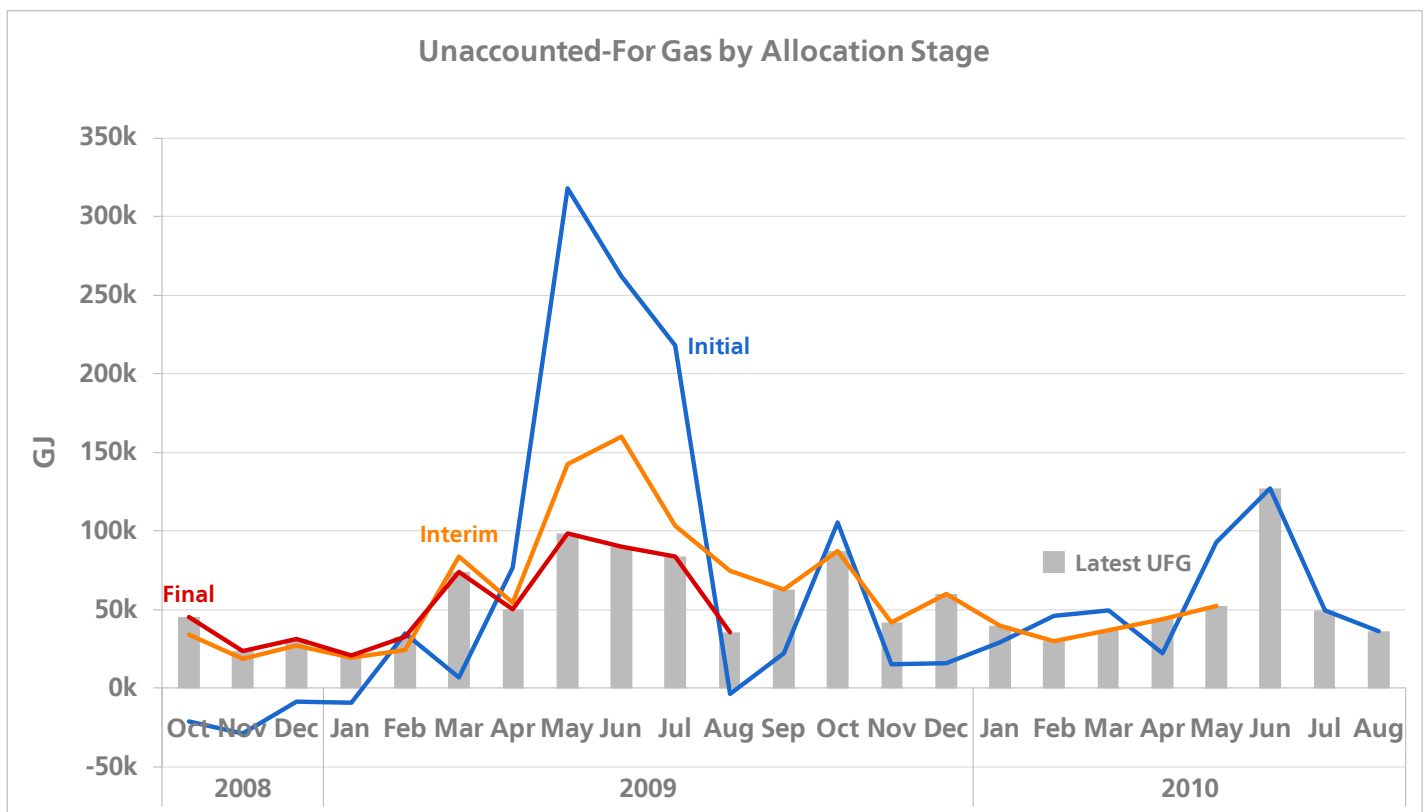


## 2 Allocation and reconciliation performance measures

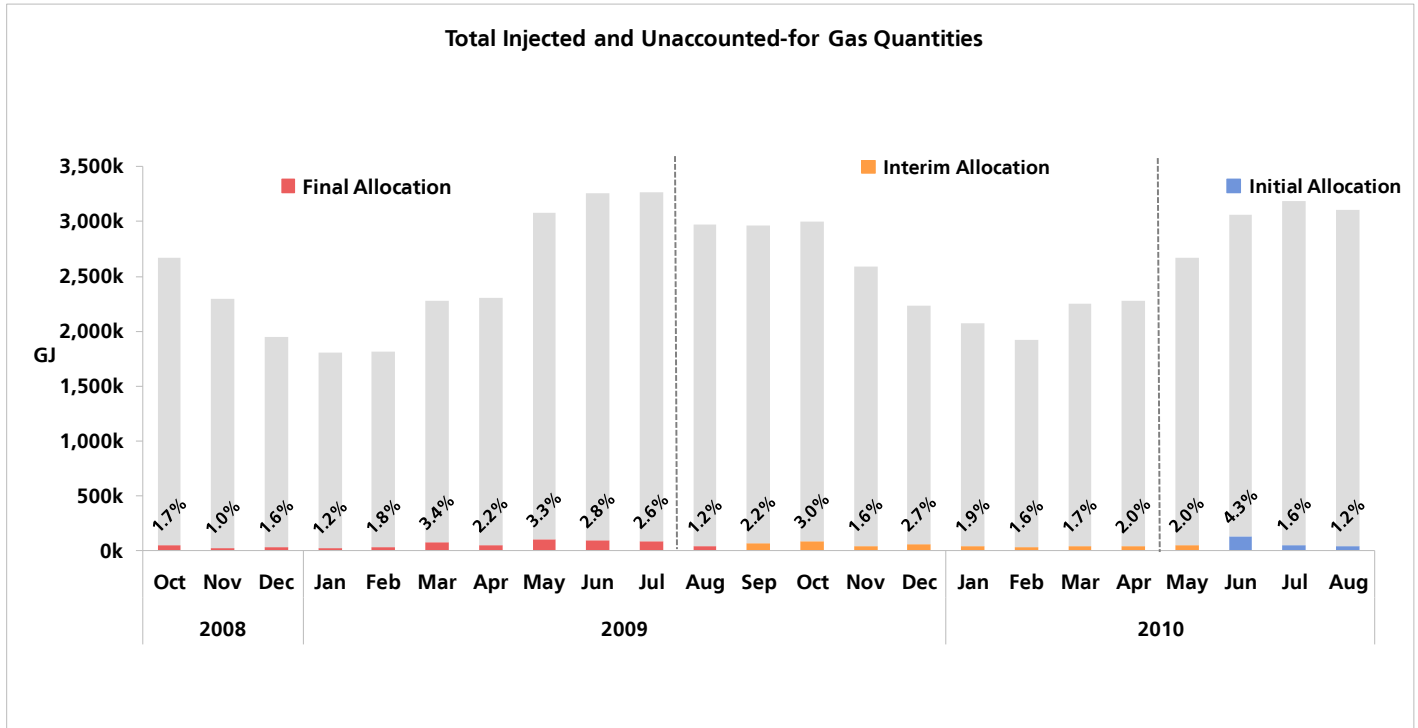
### Volumes of Unaccounted-for Gas

This chart illustrates a number of factors. First is the accuracy of the initial and interim allocation stages, compared with the final. The chart shows, for example, the high levels of unaccounted-for gas (UFG) experienced at the initial stage in May, June, and July of last year, and the decreases that occurred with the interim and final allocation stages. There are also periods where UFG increases with successive allocation stages, as in March, September, and December of 2009.

The grey bars show the UFG by month for the most recent allocation stage available. This data set shows a seasonality trend – there is a greater volume of UFG experienced in winter months than in summer months.



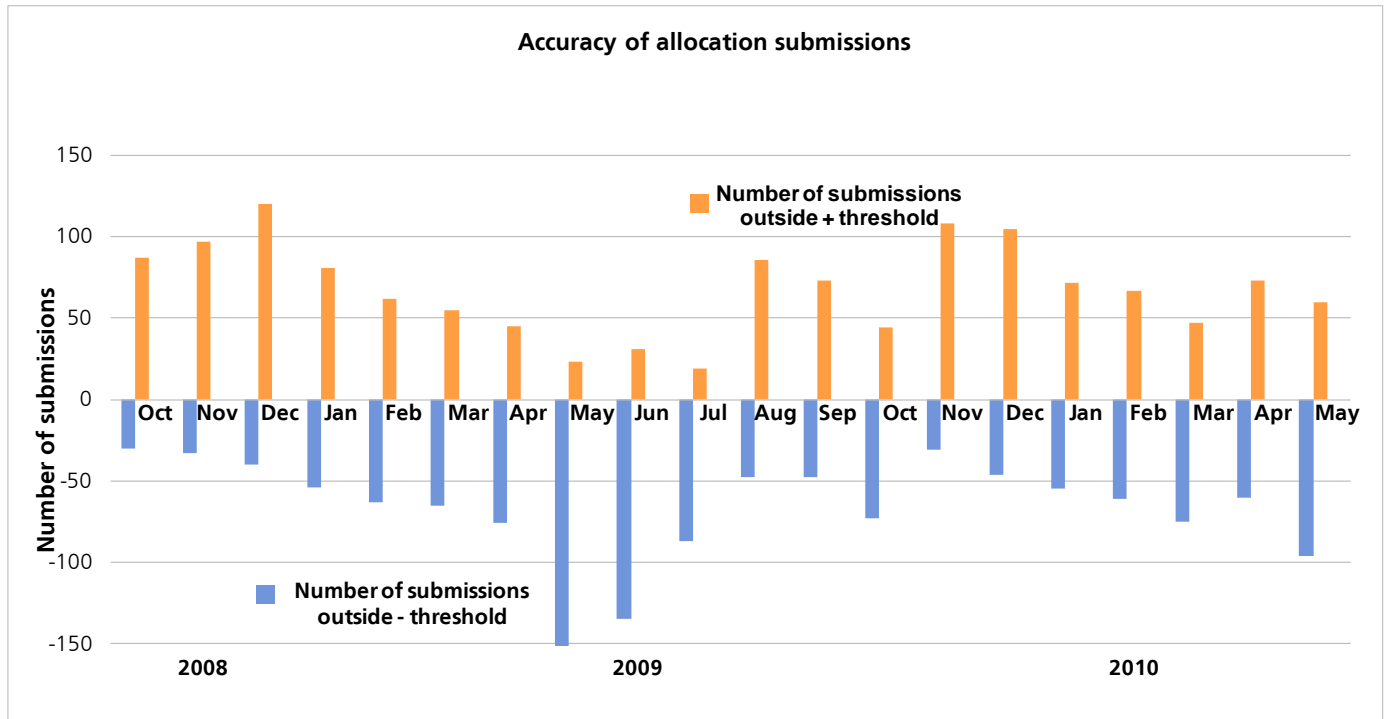
This chart shows the amount of unaccounted-for gas in comparison to the total amount of gas consumed each month. As with UFG volumes, the UFG as a percentage of total gas consumption also follows a seasonal pattern: higher in winter and lower in summer.



## Accuracy of submission data

For this analysis, final submissions were compared to initial allocation submissions for the months they were available (Oct 08 – August 09); other months use interim submissions for the comparison data.

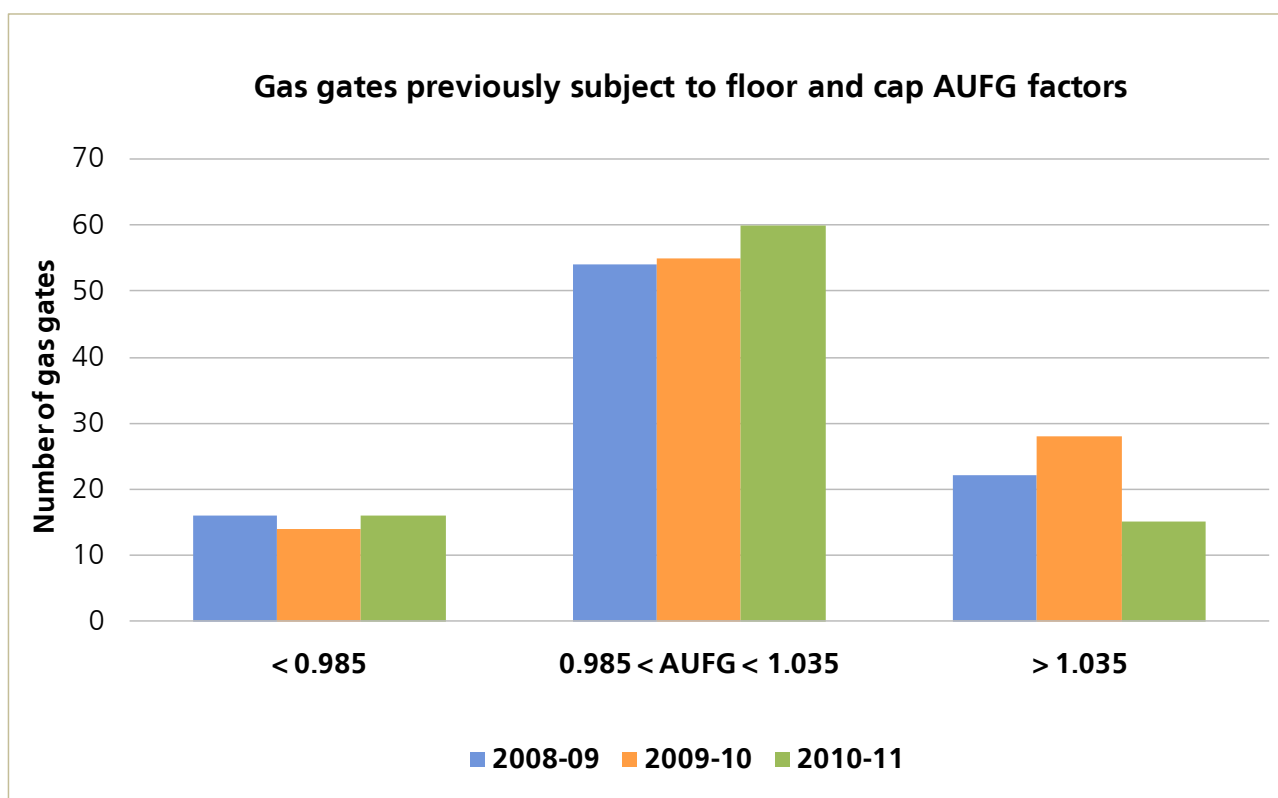
There is a seasonality to the submission inaccuracies: retailers tend to overestimate consumption amounts in the summer and to underestimate in the winter.



## Number of gas gates subject to floor and cap AUFG factors

As part of the transitional provisions of the Reconciliation Rules, Annual UFG (AUFG) factors were constrained by a floor and cap. Those transitional provisions have now expired; however, the former cap and ceiling limits are useful as a means of tracking improvements in AUFG factors.

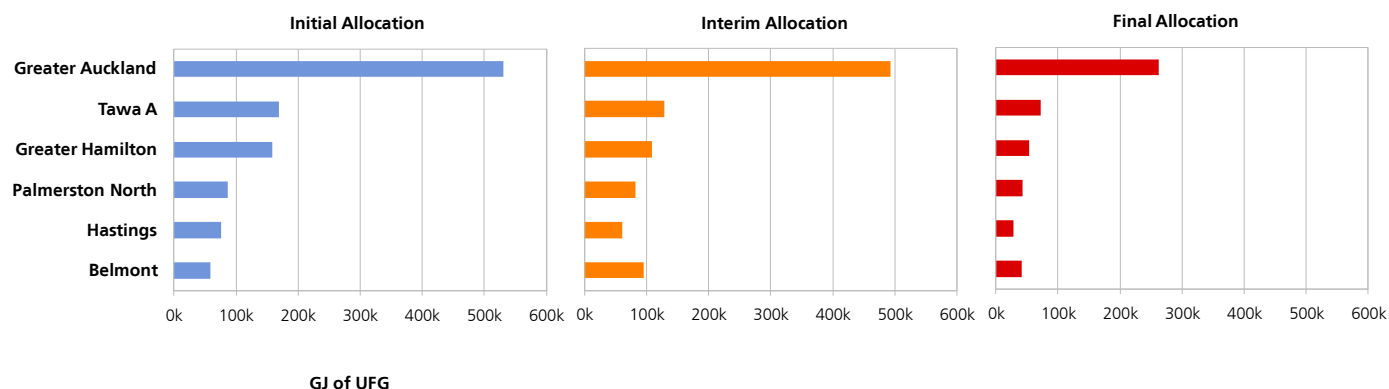
The closer AUFG is to one, the more accurate the consumption submissions have historically been at that gate. The chart below shows that, for the 2010-11 gas year, the number of gas gates whose AUFG is in the middle category has increased, and the number of gas gates that would have been subject to a floor or ceiling has decreased.



Note that the chart above contains data that have been amended for two reasons: the AUFG figures have been recalculated, as required by the Rulings Panel in relation to breaches 2010-32, 59, and 127; the figures have also been amended to reflect the fact that the Nova bypass gates are excluded from the reconciliation process and thus no longer have AUFG figures associated with them.

## Gas gates where UFG is the highest

Greater Auckland gas gate is by far the largest contributor to UFG of the gas gates, followed by Tawa A, Belmont, Greater Hamilton, and Palmerston North. This pattern is roughly consistent over all three allocation cycles, as shown by the charts below.



Note that the volumes shown in the charts are the cumulative results since the inception of the Reconciliation Rules, which means that the Initial Allocation data represent 23 months; the Interim data, 20 months; and the Final data, 11 months.

## Audits commissioned

### Event audits

There have been no event audits commissioned since the last quarterly report.

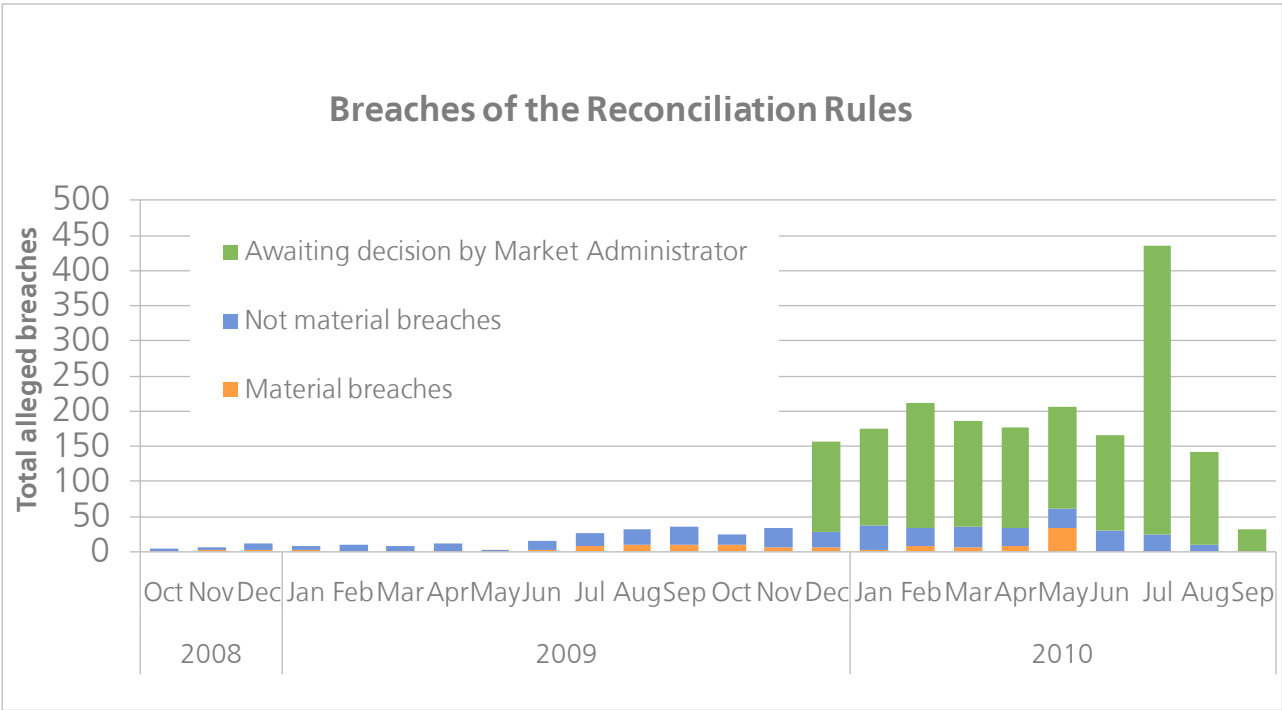
### Performance audits

The performance audits of E-Gas and Contact Energy have been completed and are published on the Gas Industry Co website. The performance audit terms of reference have been updated in light of experience with the Contact audit and will be used for baseline audits of the other gas retailers.

**Number and severity of breaches of the Reconciliation Rules**

The marked increase in alleged breaches from December 2009 onwards represents breaches of rule 37, which requires the accuracy of consumption information provided at the initial allocation stage to be within a specified tolerance level of the information provided at the final allocation stage. July 2010 stands out in particular in this regard and represents the month that the poor consumption estimations for May 2009 were alleged as breaches.

Work is progressing on a protocol for settling rule 37 breaches.

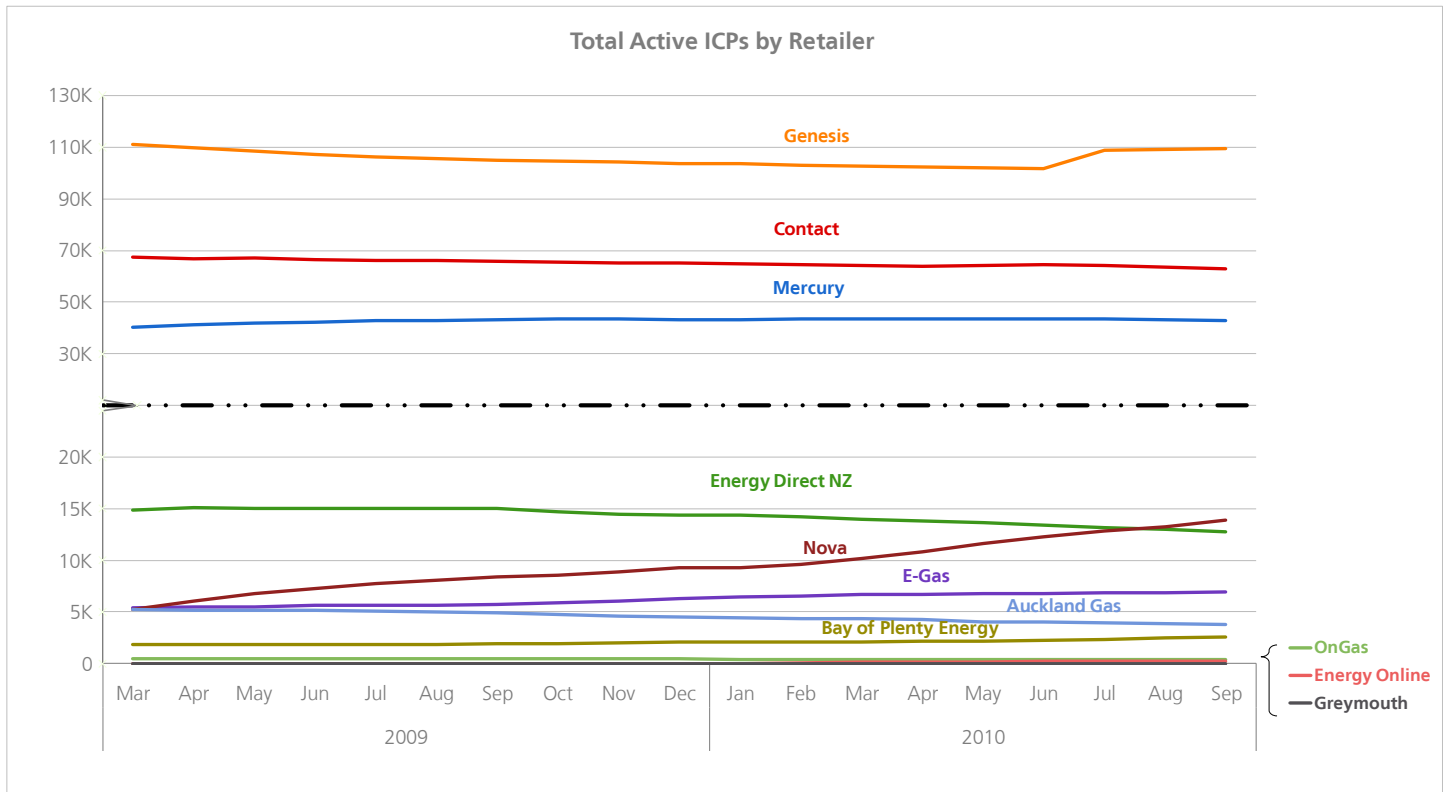




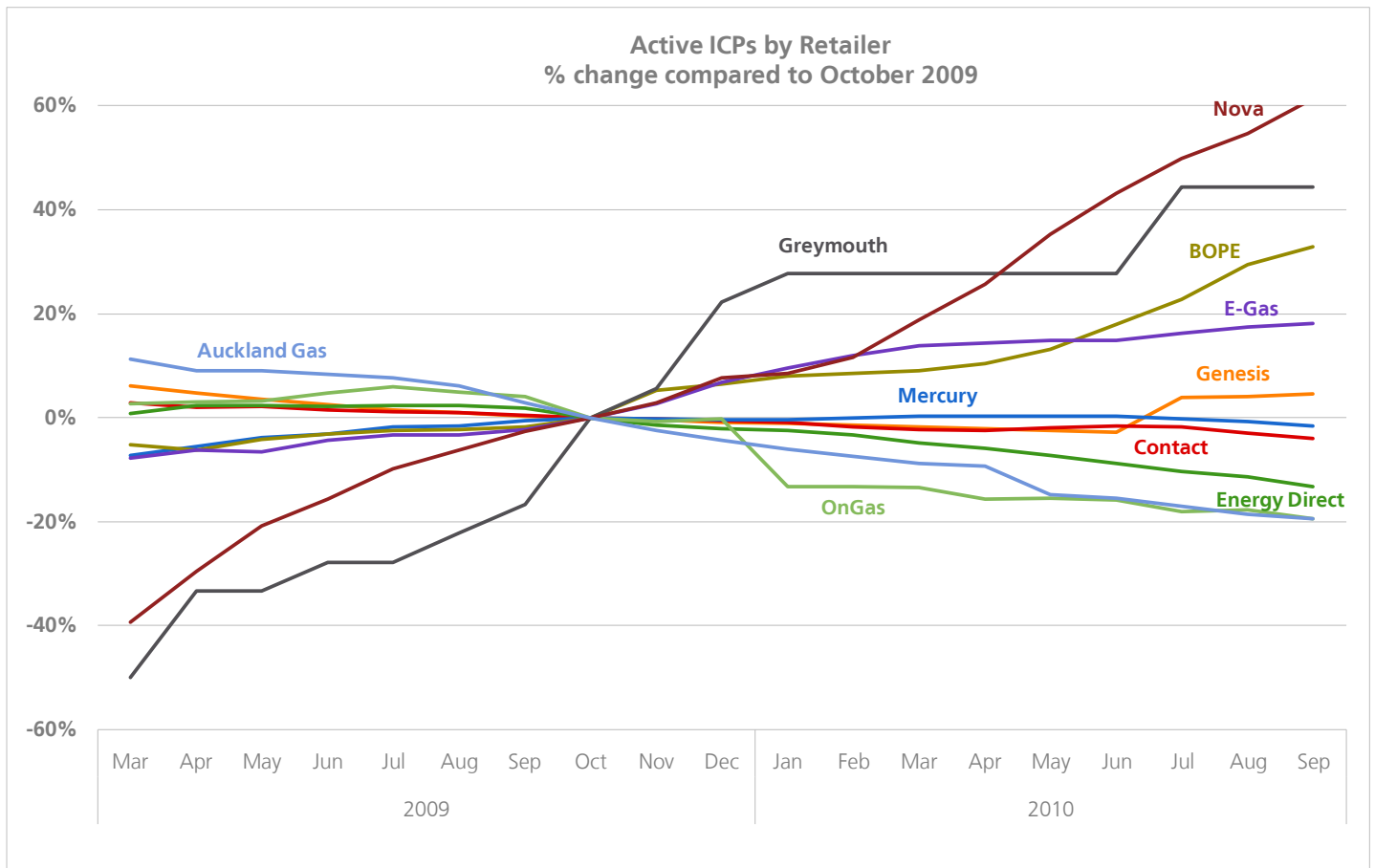
### 3 Market competition performance measures

#### Market share of ICPs by retailer

Nova has steadily gained customers since the start of the registry; other net winners of ICPs include Mercury, E-Gas, Bay of Plenty, Energy Online, and Greymouth.



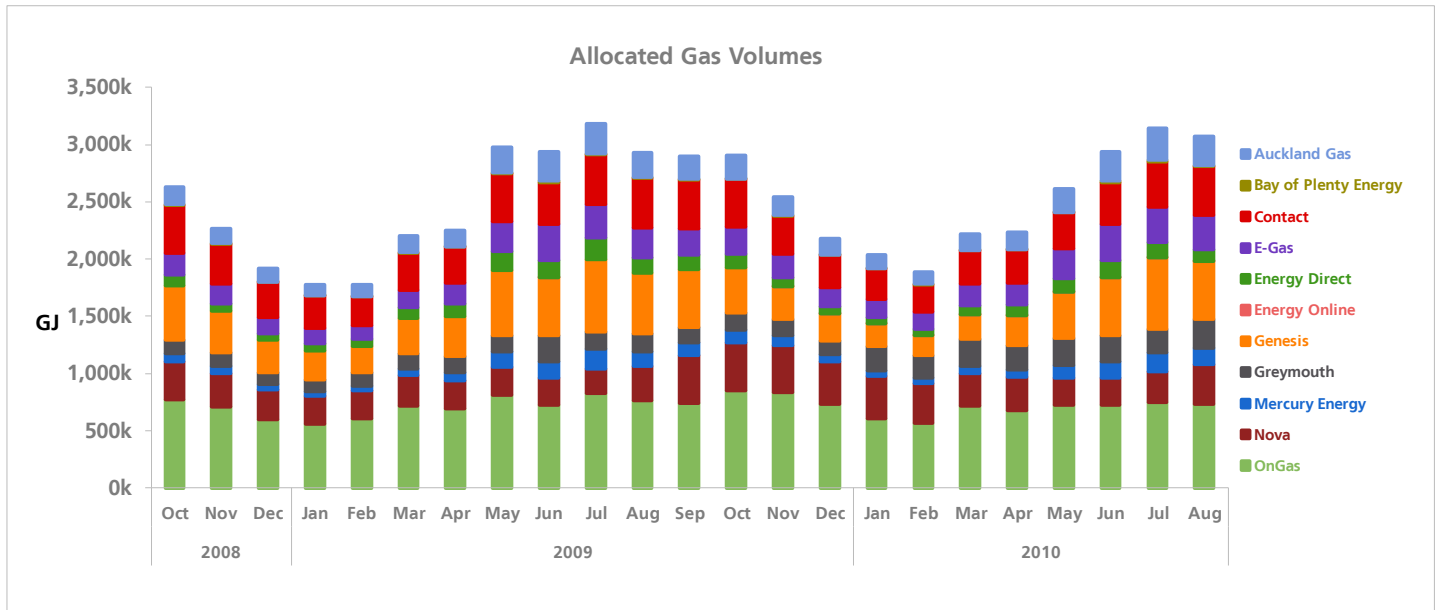
The chart below includes the same data but shows the number of ICPs each month as a percentage of ICPs held in October 2009. Formatting the data in this way allows a better view of relative gains and losses experienced by retailers over the previous 12 months. This chart excludes data from Energy Online, which has gone from one ICP in November 2009 to 218 ICPs in September 2010, an increase of 21,700%.



Note that both of the charts above include data from ICPs on open-access distribution networks only; information about ICPs on bypass networks is not yet available in the Gas Registry.

## Allocated gas volumes

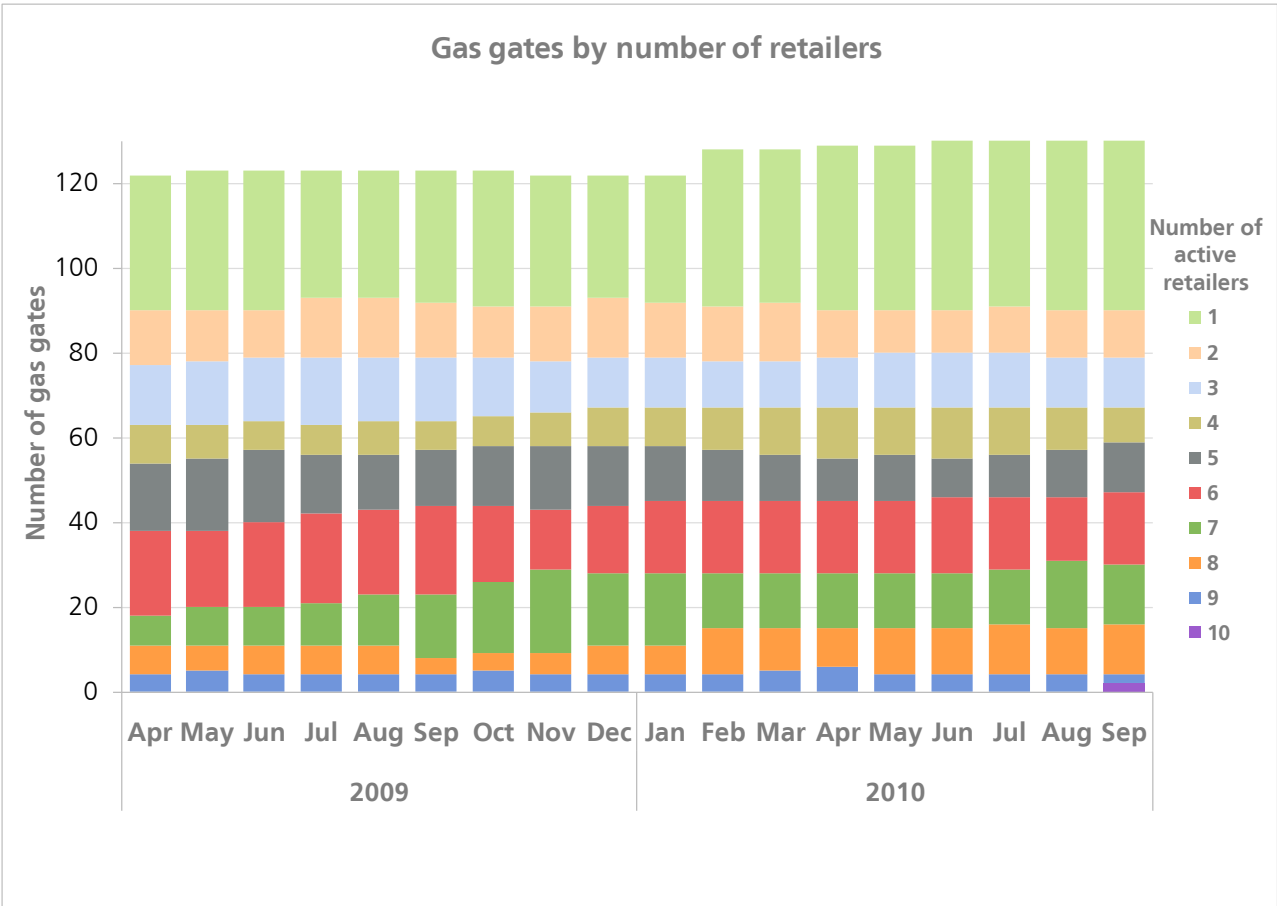
This chart demonstrates the seasonality of overall gas usage, compared with seasonality patterns in gas allocated to individual retailers. Genesis Energy, for example (orange in the chart below), shows wide swings in gas usage between the summer and winter months. Contact, Auckland Gas, and E-Gas also show this pattern to some extent. In contrast, while there are fluctuations in volumes of gas allocated to Nova and OnGas, the movements appear not to be seasonally dependent to the same extent.



Note that data for this chart are a mix of allocation stages: Final for October 08 through August 09; Interim for September 09 through May 10; and Initial for June 10 through August 10.

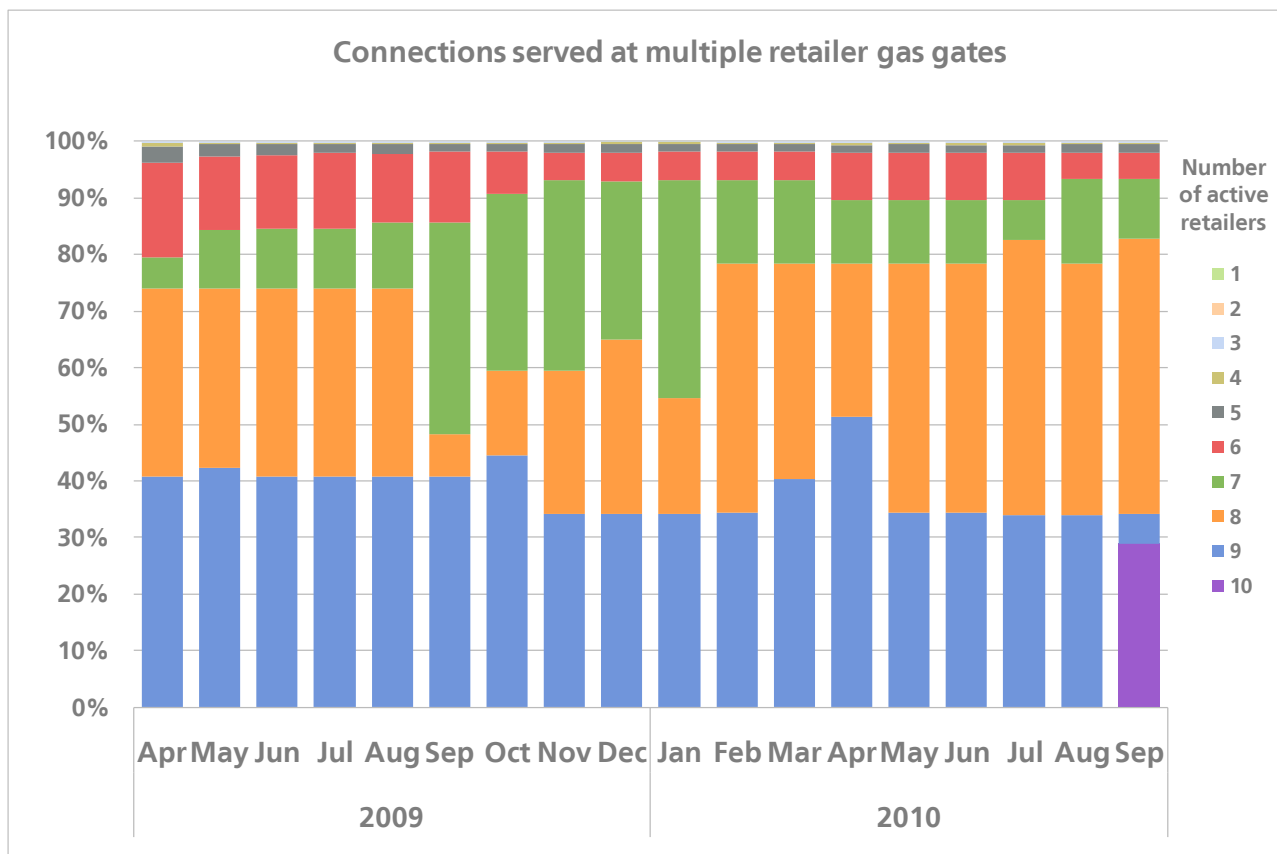
### Gas gates by number of retailers

There has been a gradual increase in the number of retailers active at the various gas gates. September 2010 is the first month to have 10 different retailers operating at any gas gate: Henderson and Westfield (both part of Greater Auckland) now have 10 retailers operating at them.



## Connections served by multiple retailers

As mentioned above, two gas gates now have 10 active retailers, and they are relatively large gas gates in terms of numbers of ICPs. In total, 93% of ICPs are connected to gas gates where seven or more retailers are active.



Note that the above chart includes data from ICPs on open-access distribution networks only; information about ICPs on bypass networks is not available in the Gas Registry.

## 4 Critical Contingency Management performance measures

There have been no critical contingency events since the last quarterly report.