

23 September 2024

### Decision on rule 29.4.2

Rule 29.4.2 of the Gas (Downstream Reconciliation) Rules 2008<sup>1</sup> requires monthly reads for ICPs with an expected annual consumption range from 250GJ to 10TJ and which have a non-TOU meter (i.e. small to medium sized commercial gas users). This rule has been in place for more than 20 years.

In 2023, Gas Industry Co became aware that one industry participant had not been meeting these monthly read requirements. We gathered industry feedback and determined that several participants had also not been 100% compliant with these requirements.

We invited feedback from industry on whether the existing monthly read requirement is still appropriate for allocation group 4 ICPs. Submissions for this consultation<sup>2</sup> closed 14 June 2024.

Formal and informal feedback indicated that:

1. Retailers may not be able to achieve monthly meter reads for all allocation group 4 ICPs.
2. There was some support for relaxation of the monthly meter read requirement.
3. There was no consensus on the appropriate meter read frequency for the purpose of rule 29.4.2 (if amended), nor any obvious reduction in costs or enhancement of benefits associated with each of the options.

We have determined that the status quo should be maintained, i.e. leave the monthly read requirement in place for allocation group 4 ICPs and for the Market Administrator to assess the materiality of each such alleged breach of r29.4.2 arising through our audit and compliance processes.

Our decision is based on the following:

1. Risks arising from less frequent site visits. This will increase the time it takes to detect and resolve typical issues such as faults and access problems.
2. Provided reads are captured by final allocations, and the estimation process is sound, our analysis showed there may be limited market impact of missed reads. However,

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<sup>1</sup> <https://www.gasindustry.co.nz/our-work/work-programmes/downstream-reconciliation/#current-arrangements>

<sup>2</sup> <https://www.gasindustry.co.nz/our-work/work-programmes/downstream-reconciliation/current-arrangements/consultation-on-monthly-read-requirements-for-aog4/>

there are individual circumstances where noncompliance can contribute to market impact. For example larger loads and hard-to-predict consumption profiles, which can also impact on allocations and customer billing. Therefore, it is important to assess noncompliance on a case-by-case basis.

3. After reviewing submissions, we have been unable to identify material benefits associated with relaxed meter read requirements for allocation group 4 ICPs that would materially outweigh the costs associated with the current monthly read obligation.

In assessing the materiality of any such alleged breach of r29.4.2, the Market Administrator is likely to consider as relevant the following factors; retailer estimation processes in the absence of physical reads; whether the level of meter read attainment is getting better or worse; accuracy of estimated gas volumes; the nature of consumption at gas gates that are impacted; and the number of ICPs affected

We will also continue to closely monitor unaccounted for gas because it represents a financial burden on industry participants, and we aim to minimise this.