
To Industry participants

Subject Papakura gas gate and consultation on expanding Greater Auckland grouped gas gate determination

Date 20 October 2011

Vector distribution has informed us of a change in configuration at the Papakura gas gate. Papakura 3, which was fed from the transmission system, has been decommissioned as of 27 September 2011. The ICPs that were formerly connected to that gas gate are now connected by a new gas gate downstream of the Papakura (PAP06610) gas gate. Papakura 3 was relatively small, with about 120 active ICPs and average volumes of slightly more than 1 TJ per month. Schematics of the old and new configurations are attached below.

Vector is in the process of commissioning the new gas gate and plans to install a meter there, although it is not yet in place.

Our question to industry participants is how the new gas gate should be treated for the purposes of allocation and reconciliation. There seem to be two possible options:

1. Treat the new gas gate effectively as part of PAP06610. A similar situation exists at Waitoki, where Waitoki B is considered to be part of Greater Waitoki. This, in turn, would have implications for the determination of the Greater Auckland gas gate, as PAP06610 is part of the Greater Auckland gas gate. In practice, instead of creating two layers of gas gate groupings – one for Papakura, and then one for Greater Auckland – it would seem reasonable to expand the definition of Greater Auckland to include the newly created gas gate. In this way, retailers would still have the option of submitting consumption volumes by physical gas gates for Greater Auckland (Bruce McClaren, Henderson, Westfield, Papakura06610, and the new Papakura), or by the notional delivery point of GTA.
2. The other option is to treat the new gas gate on its own (effectively the status quo). Doing so would mean that injection volumes submitted for PAP06610 would need to be the difference between the metered volumes at that gate and metered volumes at the new gas gate (once the meter is installed). In the interim, under this option, Vector would need to apply for an exemption for an unmetered gas gate, as a meter is not yet installed there.

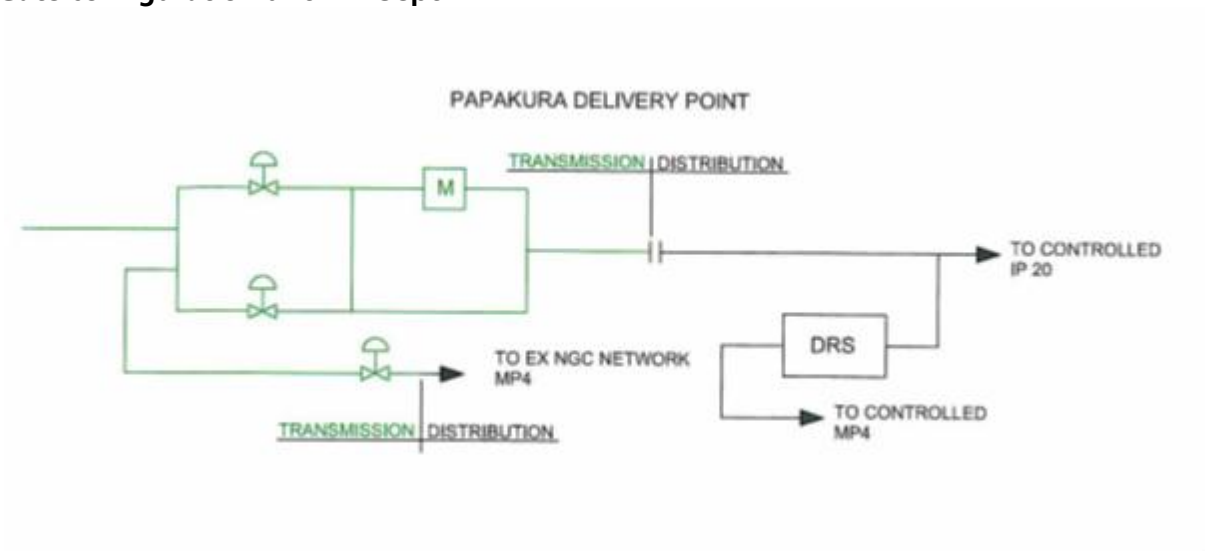
Gas Industry Company's preliminary view is that the definition of the Greater Auckland gas gate should be expanded to include the new gate at Papakura, as this option seems that it will better achieve the purpose of the Rules than requiring separate allocation against effectively an embedded gas gate.

If a revised definition of Greater Auckland gas gate is determined to be the most appropriate option, then a related question is the date that the revised definition should take effect. Gas Industry Co considers that any determination should be made retrospectively, effective from 1 September 2011.

In this way, the designation will be in effect for the entire consumption month of September 2011, which will avoid difficulties associated with part-month allocations.

Gas Industry Co invites submissions and feedback on this proposal from industry participants **by 5pm Wednesday, 26 October**. Apologies for the short notice, but this issue was just brought to our attention yesterday, and we would like to have satisfactory arrangements in place in time for the initial October allocation.

Gate configuration until 27 Sept:



Gate configuration now:

