

Report on exemptions granted in respect of rules 41 and 42 of the Gas (Downstream Reconciliation) Rules 2008

Consultation Paper

1 Introduction

In September and November 2008 exemptions were granted exempting transmission system owners from some of the requirements of rules 41 and 42 of the Gas (Downstream Reconciliation) Rules 2008. Rule 41 relates to the provision of daily injection information for all gas gates to the allocation agent at the end of each month, and rule 42 relates to the provision of estimates of injection information to retailers for relevant gas gates, for the previous day on every day. This information is required to be provided by transmission system owners (TSOs). Details of the exemptions are discussed in the next section.

A condition of the exemption is that no later than 31 March 2009, Gas Industry Co will prepare a report, in consultation with allocation participants which:

- reviews the record of compliance with the amended rule 41 and 42 requirements over the first five months of allocations;
- provides investment and other relevant information on the implications of terminating the exemptions and transmission system owners achieving compliance with rules 41 and 42; and
- sets out a recommended course of action.

This report will be provided to the Board Subcommittee of Gas Industry Co set up to consider exemption applications.

Rather than preparing a full report and then consulting on that document, Gas Industry Co has decided to issue this consultation paper which contains only a partial analysis. Submissions will then be taken account of in preparing the final report.

If the outcome is to recommend that the exemptions be continued in some form that will require an application to be submitted by the affected TSOs and a further consultation will occur. The consultation paper will include the report prepared. If it is decided to recommend that no action is taken, ie to allow the exemptions to terminate, the report will still be provided to all participants for comment prior to going to the Board Subcommittee.

Because the subject of this consultation is very contained and given that extensive consultation occurred at the time of considering the original exemption applications, one week is being allowed for consultation. Submissions are thus sought no later than Wednesday 15 April 2009. Submissions can be made by registering on Gas Industry Co's website www.gasindustry.co.nz and downloading the submissions template attached to the consultation document. All submissions will be published on the website after the closing date. For further information, see *Help for New Users* on the Gas Industry Co homepage.

2 Summary of exemptions granted

The two relevant exemption notices in respect of the requirements of rules 41 and 42 are:

- [Gas \(Downstream Reconciliation\) Rules 2008 \(Exemption DR08-15 to 18- S: Injection information\) Notice 2008](#); and
- [Gas \(Downstream Reconciliation\) Rules 2008 \(Exemption DR08-25-S: Injection information\) Notice 2008](#).

The exemption notices are set out in Appendix A.

As set out above, the exemptions granted require a report on future action to be provided by Gas Industry Co prior to the expiry date.

The technical content of the exemptions is summarised in the table below.

Item	Requirements in the Rules	Alternative requirements granted in the exemptions	Exemption expiry date
Rule 41	TSOs to provide the allocation agent with the daily gas quantities injected at each gas gate during the previous gas consumption month, by 0800 hours on the fourth business day of the following month.	The deadline for the provision of daily gas quantities injected is relaxed to 1200 hours on the fourth business day of the following month. Consequentially, the deadlines for retailers to provide consumption information and for the allocation agent to provide allocation reports are relaxed by the same amount of time	30 April 2009
Rule 42	TSOs to, each day, notify each retailer receiving gas at the gas gate, of the estimated daily quantities that were injected on the previous day at that gas gate. The notice is to be provided by 1000 hours on the day of	Full exemption from rule 42 for days other than business days, for gas gates with telemetry metering. Full exemption from rule 42 for gas gates without telemetry metering. ie under the exemptions, TSOs only	30 April 2009 30 April 2009

Item	Requirements in the Rules	Alternative requirements granted in the exemptions	Exemption expiry date
	notification.	have to notify retailers of the estimated daily injection quantities for gas gates with telemetry and then only on business days.	

3 Information available

3.1 Information available at the time of considering the original applications

Rule 41

As a part of its original application (DR08-16-S) Vector noted that under the Vector Transmission Code ('VTC') and its Transmission Services Agreements ('TSAs'), Vector is required to supply 'validated' energy quantities by 1200 hours on the fourth business day of the month following the month that gas flows, to the extent that Vector, acting reasonably, is able to provide such information.¹ The deadline poses difficulties to Vector and it may struggle on occasions to always meet the 1200 hours deadline – hence the qualified nature of this obligation under the VTC. Rule 41 advances that deadline by four hours to 0800 hours and removes any qualification about the provision of that information. Vector advised it in its original exemption applications that it could not meet this advanced deadline. It considered that, if an exemption was granted, participants would be unaffected as current processes would stand, and they would have access to the information in accordance with the time frames set out in the VTC.

Maui Development Limited ('MDL') in its original application (DR08-17-S) noted it already provided the rule 41 information via OATIS and this information is available to the allocation agent. Accordingly, MDL considered the provision of such information to the allocation agent was superfluous.

The submissions on the original application provided a range of views. Genesis was very concerned about relaxing the timelines for providing injection information and strongly opposed doing this. The allocation agent M-Co was also concerned that relaxing the rule 41 timeframe to a 'best endeavours' obligation would create significant risk for the allocation agent's ability to comply with its obligations under the Rules. Nova Gas suggested reducing the quality of information that had to be initially provided. Contact implicitly wanted the rule 41 time limits to apply in the longer term but was prepared to give Vector time to make necessary system changes. Mighty River Power and Energy Direct supported the granting of the exemption.

¹ See clause 3.3 of the VTC.

Rule 42

As a part of its original applications (DR08-15-S and DR08-25-S) Vector made a number of points which are summarised as follows:

- The VTC Transmission Services Agreements already contain extensive provisions requiring Vector to provide daily injection information to shippers. In summary the provisions require:²
 - ‘unvalidated’ injection quantities for telemetered gas gates to be provided by 1000 hours on the business day following gas flow; and
 - ‘validated’ injection quantities for telemetered gas gates to be provided by 1400 hours on the business day following gas flow
 - ‘validated’ injection quantities for gas gates on manual data collection to be provided by 1200 hours on the fourth day of the month following the month of gas flow, to the extent that Vector, acting reasonably, is able to provide such information.
- In regard to gas gate sites with telemetry meters, Vector advised it does not have the staff or resources to provide the requested information every day, as compared to every business day, nor to provide it more than once a day. The process of providing the information requires manual intervention as the process for loading telemetry data into OATIS is manual and one staff member is required to perform it (taking two hours). Vector does not have staff in this area that work on weekends. The cost of extending the existing arrangements to include non-business days would thus be significant and in Vector’s opinion not of sufficient value to warrant doing. Moreover, Vector would be unable to recoup the costs involved because of the constraints arising from regulatory impositions.
- Vector also notes that having telemetry notwithstanding, technical problems can occur with gas gate meters or correctors that Vector cannot necessarily control. This will result in Vector breaching the Rules. The corrected data is generally provided three or four days after it was due. Vector is not in a position to provide an ‘estimate’ in this situation and would have to do significant OATIS redevelopment to enable the system to accept estimated files. In any event, to do so would be risky and is considered un-necessary anyway.
- Vector is unable to provide estimates of injection quantities where it does not have telemetry. In such a situation the retailers would be better placed than Vector to provide estimates. It is noted that it is not economic to install telemetry at many of the smaller delivery points and in some cases is not actually technically feasible.

MDL, in its original application (DR08-18-S), noted it already provided the rule 42 information via OATIS on a next day basis and this information is available to the allocation agent. Again, MDL considered the provision of such information to the allocation agent was superfluous.

² Note that under the VTC these deadlines are required to be complied with to the extent that Vector, acting reasonably, is able to provide such information.

Five participants responded to the rule 42 issue in the consultation papers on these original applications. Only Contact specifically objected to a rule 42 exemption and that was on the grounds that there were often difficulties with the data available through OATIS and that as a matter of principle, the timelines in the VTC should be brought in line with the Rules. Genesis and Nova Gas considered that any exemption should only apply until December 2008 when the new MPOC balancing changes take effect, noting that daily energy quantities enable retailers to forecast gas gate consumption and it is important that such information is delivered in a timely manner.

3.2 Information on compliance or consequential difficulties

Since go-live, there appear to have been only minor breaches of the requirements of the exemptions for rules 41 and 42 reported to Gas Industry Co.

There has been one confirmed instance where a TSO provided its rule 41 injection quantities later than the 1200 hours deadline for the November 2008 consumption period – but this information was in respect of direct connect gas gates which, by virtue of another exemption, are currently not allocated under the Rules.³

Neither the allocation agent nor Gas Industry Co directly receives information on compliance with the rule 42 requirements. However, information from Vector is that, over recent months, rule 42 injection information for gas gates with telemetry has been provided to retailers before 1000 hours on business days. In the first few months after go-live, Gas Industry Co understands there were two or three instances when data was not provided until 1030 hours. Vector has indicated this was due to minor teething problems.

Gas Industry Co is not aware of any complaints or other reports from retailers indicating concerns or problems with the provision or receipt of information as a result of the exemptions granted to rules 41 and 42.

3.3 Information provided by TSOs in connection with the present consultation paper

Information from Vector

The following information has been provided by Vector in response to a recent request from Gas Industry Co:

In summary, Vector states that:

- on the expiry of the exemptions, it will be unable to comply with rule 41 due to the need to make corrections on the morning of the fourth business day of the month following the consumption period concerned;

³ Alleged breaches were also submitted in respect of the non-provision of injection quantities under rule 41 for Kapuni (GTP) KAP09612 – however, Gas Industry Co now agrees that it is not a gas gate for the purposes of the Rules and therefore no injection quantities are required to be provided to the allocation agent under rule 41.

- on the expiry of the exemptions, it will be unable to comply with rule 42 in respect of non-business days for all gas gates and in respect gas gates without telemetry on all calendar days. However, it has taken steps towards reasonable compliance with rule 42 by providing hourly and daily unvalidated data for 21 gas gates (being those with a live hourly SCADA data feed) on all calendar days;
- it is not aware of any negative impact on the allocation agent (in respect of rule 41), or retailers (in respect of rule 42) that has resulted directly from the exemptions granted in September and November 2008; and
- the most appropriate course of action for Gas Industry Co to take is to grant Vector permanent exemptions from those Rules; or as an alternative to permanent exemptions, that the current exemptions should be extended until such time as the Rules are amended to reflect the content of the exemptions.

Vector's reasons in full are set out in the table below:

Rule 41 – actual daily energy quantities	Rule 42 – estimated daily energy quantities
<p>Vector's position: Vector will not be able to comply with this rule by 30 April 2009.</p>	<p>Vector's position: Vector will not be able to comply with this rule by 30 April 2009.</p>
<p>Vector's reasons: Data issues (such as missing data, data outside of the usual tolerances, with unusual trends or data spikes) are identified by Vector on the first business day of each month. Investigations into these issues are initiated, and depending on the issue, can involve field staff manually checking the relevant site to identify the cause of the data anomaly or to download data, and accordingly, can take a few days to sort out. Vector uploads all available validated data on the third business day of each month, however at this point there are usually still two or three files with outstanding issues that mean they cannot be uploaded. To the extent practicable, issues with the remaining files are resolved and closed out on the morning of the fourth business day. 99.99% of the time, this means that all files are validated and uploaded by 1200 on the fourth business day. If Vector was required to upload all available information by 0800 hours on the fourth business day, that would result in the upload of erroneous information. If Vector was to wait until it could resolve the errors associated with the problematic files, it would miss the 0800 hours deadline but in all likelihood would meet</p>	<p>Vector's reasons: In order to comply with this rule, Vector would need to employ additional staff to work on weekends and on statutory holidays and, in Vector's opinion, the cost associated with this would outweigh any information benefit provided to Retailers. Vector has nevertheless sought to assist the industry, since December 2008, by:</p> <ul style="list-style-type: none"> • publishing on OATIS (for all shippers to see) Energy Quantity information for all Receipt and Delivery Points in accordance with the amended VTC and Non-Code TSAs; and • taking steps to publish SCADA data to all shippers on an hourly basis for 21 gas gates (being those with a live hourly SCADA data feed) and this will be viewable on every calendar day from the end of March onwards; <p>Vector notes that Contact Energy withdrew its appeal to call for daily information in response to Vector's initiative to publish SCADA data, as described above. Other gas gates could be</p>

<p>the 1200 hours deadline.</p> <p>As it is not possible to predict in advance which meters are going to produce problematic data, Vector would need to employ extra staff (and in particular, field staff, all over the North Island) to cut down the turn-around time (from first noticing an issue to resolving it) associated with each data issue. This would be extremely costly to Vector and have not gone down this path for this reason, and because even with all of these additional staff on board we still could not guarantee that we would meet the 0800 hours deadline.</p> <p>Vector is not aware, as a consequence of the exemption that has been granted, of any detriment to the Allocation Agent by not having such information available to it at 1200 hours instead of 0800 hours on the fourth business day.</p> <p>Vector does not have any statistical data on the number of occasions, since 1 October 2008, it would not have been able to comply with the 0800 hour deadline in rule 41. However anecdotal evidence suggests two or three files would remain outstanding if the 0800 hours deadline was to be enforced.</p>	<p>added to the current 21, however costs per gas gate are indicated to be in the realm of \$20,000 so a cost benefit analysis would first need to be conducted.</p> <p>Vector is not aware, as a consequence of the exemption that has been granted, of any demonstrated detriment to retailers by not having such information available on weekends and statutory holidays.</p>
---	---

Vector considers it has fully complied with the exemption in respect of rule 41 since 1 October 2008, and has taken reasonable measures to comply with rule 42. It therefore believes that the most appropriate course of action for Gas Industry Co is to:

- issue permanent exemptions (under rule 19) from the Rules on the same basis as those already granted; or
- ‘extend’ the current exemptions and, in the interim, recommend amendments to the Minister to change rule 41 to require injection quantities to be provided to the allocation agent by 1200 hours on the fourth business day; and clarify that the reference to ‘day’ in rule 42 means ‘business day’.

Information from MDL

MDL were invited by Gas Industry Co to provide information pertaining to the report on rule 41 and 42 exemptions but had not done so at the time of writing.

4 Analysis

4.1 Exemption from rule 41

The provision of injection information under rule 41 is central to the proper and effective operation of the Rules. Injection information provides the basis for determining the amount of gas to be allocated at each gas gate. There are accordingly no circumstances under which it

would be appropriate to allow transmission system owners not to provide this injection information. However, it was considered at the time of granting the exemption that a delay of four hours (from 0800 to 1200 hours) in providing information would provide TSOs, and Vector in particular, with much of the flexibility it sought without compromising the effective operation of the allocation process or otherwise disadvantaging retailers. The question therefore is whether this relaxation in time frames should be continued or whether the tighter time frame required in rule 41 should be reverted to.

The experience of the past six months indicates that the revised timelines for the provision of information under rule 41 have been workable in practice for TSOs. Information is now being provided with high reliability by 1200 hours on the required day. Vector estimates that in the long run they would expect to achieve the 1200 hours deadline 99.99% of the time. However, if the 0800 hours deadline was enforced, anecdotal evidence suggest that two or three gas gates would remain outstanding for each consumption period and therefore breach the requirements of rule 41.

A concern at the time of granting the exemption was whether the shift from providing information at 0800 hours to 1200 hours would create consequential problems in terms of the same delay in the timing of initial allocation results from the allocation agent. The associated extension of time for retailers to provide initial consumption information appears to have caused no concern. Also, the equivalent extension of time for the allocation agent to publish the initial allocation results has retained the same full 24 hour period for the allocation agent to process submitted information. The extension does lessen the available time by four hours for the allocation agent to identify and remedies errors in the initial allocation results under rule 43. However, Gas Industry Co understands there have been no difficulties to date for the allocation agent in operating under this restricted timeframe. However, Gas Industry Co is unsure whether the delayed reporting time on initial allocations has or will create any difficulties for retailers.

The substantial issue is whether the four hour potential delay in providing initial allocation results (it transpires to be only two hours in practice most of the time) is creating difficulties for retailers. There was some concern about this at the time of consultation on the original exemption so it will be important for retailers to say whether or not those concerns remain.

Given the experience to date, Gas Industry Co's initial view is that there appears sufficient reason for continuing the relaxed initial allocation submission and reporting deadlines currently allowed via exemption. It is accepted that applying the rule 41 0800 hours deadline would impose significant additional costs for TSOs (Vector in particular) for minimal benefit to retailers and the allocation agent.

Based on experience to date, it also appears to be workable if the rule 41 deadline were to be extended only to 1000/1030 hours (rather 1200 hours). This would be a smaller departure from what rule 41 provides but with, on its face, sufficient slack to cover the occasional delay. However, this would certainly place more resourcing pressure on TSOs and increase the chances of breaches occurring. Gas Industry Co is interested in allocation participants' view on this potential approach.

If it is decided that an exemption from the 0800 hours deadline should continue, then Gas Industry Co's preliminary view is that:

- the revised deadline should be set at either 1000, 1030 or 1200 hours;
- the exemption should be apply until 30 September 2010 (which is the date the transitional period expires under the Rules and by which time potential rules amendments will have been able to be considered and implemented where appropriate); and
- The possibility of a corresponding change to the Rules should be able to be investigated and considered as a part of the major policy review planned for the Rules in mid-2010.

4.2 Exemption from rule 42

A key factor in regard to rule 42 is that the information is provided for the benefit of retailers and is not used in the allocation process. Gas Industry Co understands that the information is primarily used by retailers to assess their upstream balancing positions on a daily basis (ie not just business days). This unvalidated daily injection information is already required to be provided, in accordance with the VTC, albeit to a lesser degree, ie only on business days for gas gates with telemetry and the month end for gas gates without telemetry.

Gas Industry Co has previously stated that one of the aims of the Rules was to 'establish' more transparency of the full costs of balancing and reconciling gas' and that the 'publication of daily gas gate information would be a first step towards achieving greater transparency.' However, given the practical problems identified by Vector for TSOs in doing so, the issue is whether there is value for retailers in having the stricter requirements of rule 42, applied over and above those provided for in the VTC.

When retailers were consulted on this issue in the original exemption, only one expressed significant opposition. The conclusion from this is that it is not a major and pervasive issue for retailers.

There has been approximately six months of operational experience with the exemptions in place. In that time there have been no reports to Gas Industry Co of problems in relying on the modified timeframes for providing daily injection information in the situations covered by the exemptions.⁴

However, Gas Industry Co is aware that proposed amendments to the VTC in relation to the availability of daily injection information for gas gates were submitted during this period. Hence, Vector under the VTC now provides daily unvalidated daily injection data for telemetry gas gates on SCADA (21) on non-business days when previously it was only provided on business days. Some retailers/shippers did support more extensive provision of unvalidated daily injection data under the VTC, akin to the requirements of rule 42. However, more daily injection data is now

⁴ ie for all gas gates without telemetry, exemption from rule 42 all of the time and, for all gas gates with telemetry, exemption from rule 42 on non business days.

made available than has previously been the case and over and above what the current exemptions require in respect of telemetry gas gates on non-business days.

While full compliance with rule 42 is desirable in the long-term, given the practical inability for Vector to comply with rule 42 in the short-term, Gas Industry Co's preliminary view is that the continuation of an exemption is appropriate. The likely terms and conditions would be those currently provided, apart from the removal of the condition exempting the provision of unvalidated injection data on non-business days. This approach is essentially consistent with the current arrangements under the VTC, albeit it may involve some additional telemetry gas gates than the 21 currently provided.

However, this approach needs to be tested against the views of retailers and transmission system owners. If there continues to be concern about not having rule 42 in full-operation in addition, then it is essential that all relevant information and reasons are provided by submitters in response to this consultation paper.

If it is decided that an exemption for rule 42 in some form should be continued, then Gas Industry Co's preliminary view of the likely terms and conditions are as follows:

- TSOs are fully exempt from rule 42 for gas gates without telemetry metering until 30 September 2010; and
- In respect of gas gates with telemetry, TSOs are exempt from complying with rule 42 on non-business days until 30 September 2010:⁵
 - for all but the 21 gas gates with live SCADA data; or alternatively
 - provided TSOs make all reasonable endeavours to be in a position to comply with rule 42 in respect of all gas gates with telemetry on non-business days by 30 September 2010.
- The expiry date of 30 September 2010 is the date the transitional period expires under the Rules and by which time potential rule amendments will have been able to be considered and implemented where appropriate – and amongst other things this will provide a further 12 months of experience of the operation of information provisions in the VTC and MPOC.

These potential terms and conditions seek to provide the requested short-term relief for TSOs but also to maintain the incentives to give effect to the purpose of rule 42 or until potential rule changes can be properly considered.

⁵ Alternatively, depending on the information received in submissions, it may also be appropriate for a shorter time period to apply here under this potential condition ie until 30 September 2009 or until 30 March 2010.

5 Issues

5.1 Rule 41

- Do you consider a continued relaxation of the 0800 hours deadline for the provision of information under rule 41 is appropriate? Please give reasons.
- The existing four hour extension to 1200 hours to the rule 41 deadline seems to have operated satisfactorily for allocation participants and the allocation agent, but there could be merit in tightening the deadline to either 1000 or 1030 hours. Taking account of the reduced time this would place on TSOs (ie for injection information) and also allocation participants (ie for consumption information and allocation results), do you favour an exemption which only allows a shorter extension of the rule 41 0800 hours deadline. Please give reasons.
- Information provided by Vector indicates that it would incur cost increases if the exemption expired and information had to be provided by 0800 hours under rule 41. These costs are mainly staff costs rather than system costs. Gas Industry Co has at this stage accepted Vector's view that these costs are too substantial for it to warrant full compliance with the requirements of rule 41 rather than requiring a full cost analysis which would create some cost/time to prepare. Is this approach acceptable to participants?
- Gas Industry Co's preliminary view is that there appears sufficient reason to continue applying an exemption, possibly with a modified time frame, to the rule 41 deadline until 30 September 2010 – along with the expectation that prior to that time the possibility of a rule change will be investigated and considered. Do you agree with this approach? Please provide reasons.
- As indicated above, Gas Industry Co is not aware of any reports of concern or of problems encountered, resulting from the operation of the existing exemption. Are there problems that you wish to identify that have not been notified yet, and if so what are they and how significant are they?

5.2 Rule 42

- Because the information provided under rule 42 is not used in the allocation process but is provided for the wider benefit of retailers, it is important to know the views of allocation participants on what should happen next. On the information currently available, Gas Industry Co's preliminary view on the most appropriate approach is to continue an exemption until 30 September 2010 which:
 - Exempts TSO's from complying with rule 42 for gas gates without telemetry metering; and
 - In respect of gas gates with telemetry, exempts TSO's from complying with rule 42 on non-business days until 30 September 2010:
 - for all but the 21 gas gates with live SCADA data; or

- provided TSO make all reasonable endeavours to be in a position to comply with rule 42 in respect of all gas gates with telemetry on non-business days by 30 September 2010.

Do you agree with this potential approach in the expectation that prior to 30 September 2010 (or other shorter date), the possibility of a rule change will be investigated and considered?

- Are there any other approaches allocation participants consider to be more appropriate in respect of an exemption? Please provide as much detail as possible and give reasons.
- As indicated above, Gas Industry Co is not aware of any reports of concern or of problems encountered, resulting from the operation of the existing exemptions. Are there problems that you wish to identify that have not been notified yet, and if so what are they and how significant are they?

Appendix A Relevant Decision Notices

Gas (Downstream Reconciliation) Rules 2008 (Exemption DR08-15 to 18-S: Injection information) Notice 2008

Pursuant to rule 19 of the Gas (Downstream Reconciliation) Rules 2008, Gas Industry Company Limited ('Gas Industry Co'), as the industry body appointed pursuant to s43ZL of the Gas Act 1992, gives the following notice.

Notice

1. Title and commencement

- (a) This notice is the Gas (Downstream Reconciliation) Rules 2008 (Exemption DR08-15 to 18-S: Injection information) Notice 2008.
- (b) This notice comes into force on the day after the date this notice is published on Gas Industry Co's website.

2. Interpretation

- (a) In this notice, Rules means the Gas (Downstream Reconciliation) Rules 2008 made by the Minister of Energy under sections 43F, 43Q and 43S of the Gas Act 1992 by notice published in the New Zealand Gazette, as may be amended from time to time.
- (b) Any term that is defined in the Rules and used, but not defined, in this notice has the same meaning as in the Rules.

3. Standard Exemption

Transmission system owners are granted an exemption under rule 19 from the requirements of rule 41 subject to the following terms and conditions:

- (a) The rule 41 deadline for the provision of actual daily energy injection quantities by transmission system operators is amended to 1200 hours on the fourth business day of every month that follows a consumption period.
- (b) The rule 31 deadline for the provision of consumption information by retailers is amended to 1200 hours on the fourth business day of every month that follows a consumption period.
- (c) The rule 48.2 deadline for the allocation agent to perform initial allocations and provide reports on those allocations to retailers is amended to 1200 hours on the fifth business day of every month.
- (d) No later than 31 March 2009, Gas Industry Co will provide a report, prepared in consultation with allocation participants, which reviews the record of rule 41 compliance

over the first five months of allocations, provides investment and other relevant information on the implications of terminating the exemptions and transmission system owners achieving compliance with rule 41, and sets out a recommended course of action for the period beginning on termination of the exemption.

- (e) This exemption will apply from 1 October 2008 to 30 April 2009.

Transmission system owners are granted an exemption under rule 19 from the requirements of rule 42 subject to the following terms and conditions:

- (a) The exemption applies from 1 October 2008 to 31 October 2008 for gas gates with telemetry metering.
- (b) The exemption applies from 1 October 2008 to 30 April 2009 for gas gates without telemetry metering.
- (c) No later than 31 March 2009, Gas Industry Co will provide a report, prepared in consultation with allocation participants, which provides investment and other relevant information on the implications of terminating the exemptions and transmission system owners achieving compliance with rule 42, and sets out a recommended course of action for the period beginning after the expiry of the exemption.

4. Reasons for granting the standard exemptions

The reasons for the exemptions are:

- (a) For practical reasons, transmission system owners will be unable to immediately meet the full rule 41 and 42 requirements for providing gas injection information, both for timing and cost reasons; and
- (b) The exemption will provide time for the costs, benefits and other implications of remedying this situation to be investigated and reported..

DATED at Wellington this 17th day of September 2008.

For and on behalf of Gas Industry Company Limited:

RT HON JAMES BOLGER, O.N.Z, Chair.

Gas (Downstream Reconciliation) Rules 2008 (Exemption DR08-25-S: Injection information) Notice 2008

Pursuant to rules 19 and 20 of the Gas (Downstream Reconciliation) Rules 2008, Gas Industry Company Limited ('Gas Industry Co'), as the industry body appointed pursuant to s43ZL of the Gas Act 1992, gives the following notice.

Notice

1. Title and commencement

- (a) This notice is the Gas (Downstream Reconciliation) Rules 2008 (Exemption DR08-25-S: Injection information) Notice 2008.
- (b) This notice comes into force on the day after the date this notice is published on Gas Industry Co's website.

2. Interpretation

- (a) In this notice, Rules means the Gas (Downstream Reconciliation) Rules 2008 made by the Minister of Energy under sections 43F, 43Q and 43S of the Gas Act 1992 by notice published in the New Zealand Gazette, as may be amended from time to time.
- (b) Any term that is defined in the Rules and used, but not defined, in this notice has the same meaning as in the Rules.

3. Standard Exemption

Transmission system owners are granted an exemption under rule 19 from the requirement to comply with rule 42 on days other than business days for gas gates with telemetry metering, subject to the following terms and conditions.

- (a) The exemption will expire on 30 April 2009;
- (b) To avoid doubt, the exemption is limited to the provision of estimated daily energy quantities on days that are not business days; and
- (c) No later than 31 March 2009, Gas Industry Co will provide a report, prepared in consultation with allocation participants, which provides investment and other relevant information on the implications of terminating the exemption, and sets out a recommended course of action for the period beginning after the expiry of the exemption.
- (d) The exemption is in addition to the exemption granted to transmission system owners in respect of rule 42 in the *Gas (Downstream Reconciliation) Rules 2008 (Exemption DR08-15 to 18-S: Injection information) Notice 2008*.

- (e) The *Gas (Downstream Reconciliation) Rules 2008 (Urgent Exemption DR08-25-S: Injection information) Notice 2008* is revoked.

4. Reasons

The reasons for granting the exemption are:

- (a) Transmission system owners will be unable to comply with the requirements of rule 42 on days that are not business days without incurring undue cost;
- (b) The exemption will provide time for the investigation and reporting on the costs and benefits in complying with rule 42 on days that are not business days; and
- (c) The expiry date and reporting requirements of this notice are consistent with those set out in the *Gas (Downstream Reconciliation) Rules 2008 (Exemption DR08-15 to 18-S: Injection information) Notice 2008*.
- (d) Given this notice addresses the matters that the *Gas (Downstream Reconciliation) Rules 2008 (Urgent Exemption DR08-25-S: Injection information) Notice 2008* was intended to address on an interim basis, that notice has been superseded and is to be revoked.

DATED at Wellington this 6th day of November 2008.

For and on behalf of Gas Industry Company Limited:

RT HON JAMES BOLGER, O.N.Z, Chair.

Appendix B Recommended format for submissions

It would be appreciated if submitters could provide information in the format suggested below. However, information may be provided in other forms if that is preferred.

Submitter name and contact:

In regard to the rule 41:

Question	Comment
Q1: <i>Do you agree or disagree with a continued relaxation of the 0800 hours deadline for the provision of information under rule 41? Please give reasons</i>	
Q2: <i>If there is continued relaxation of the deadline via exemption, do you favour retaining the 1200 hours deadline or tightening the deadline to either 1000 or 1030 hours? Please give reasons.</i>	
Q3: <i>Vector's view is that the costs that would be incurred to enable information under rule 41 to be reliably provided by 0800 hours are too substantial to be justified by the benefits. Do you accept this view or do you think that further information should be sought? Please give reasons.</i>	
Q4: <i>Gas Industry Co's preliminary view is that there appears sufficient reason for the extension of an exemption to 30 September 2010, perhaps with a modified deadline. Do you agree or disagree with this view? Please give reasons.</i>	
Q5: <i>Are there any as yet unreported problems that have been caused by the existing exemption that you would like to identify and comment on?</i>	

In regard to the rule 42:

Question	Comment
<i>Q5 Do you agree or disagree with Gas Industry Co's preliminary view that an appropriate course of action is to continue an exemption under rule 42 on the terms and conditions set out in section 5.2 above? Please give reasons</i>	
<i>Q6 Are there any other approaches allocation participants consider to be more appropriate in respect of an exemption? If yes, then please provide details and give reasons.</i>	
<i>Q7 Are there any as yet unreported problems that have been caused by the existing exemptions that you would like to identify and comment on?</i>	