



## Statement of Proposal

# Minor Amendments to the Gas (Downstream Reconciliation) Rules 2008

Date issued: 2 June 2009  
Submissions close: 30 June 2009







## **About Gas Industry Co.**

Gas Industry Co was formed to be the co-regulator under the Gas Act.

As such, its role is to:

- recommend arrangements, including rules and regulations where appropriate, which improve:
  - the operation of gas markets;
  - access to infrastructure; and
  - consumer outcomes;
- administer, oversee compliance with, and review such arrangements; and
- report regularly to the Minister of Energy on the performance and present state of the New Zealand gas industry, and the achievement of Government's policy objectives for the gas sector.

## **Authorship**

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**Submissions close:** Tuesday, 30 June 2009

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# Executive summary

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The Gas (Downstream Reconciliation) Rules 2008 (the 'Rules') began operation on the go-live date of 1 October 2008. The Rules are technically complex and need to provide for a range of circumstances, not all of which may have been anticipated when the Rules were approved. It was thus expected that changes would be required to reflect experience and to ensure that the Rules were as effective as possible in achieving their purpose.

The current statement of proposal (SOP) contains a first package of proposed rule changes. The changes are all minor and non-controversial, and have accordingly been dealt with in accordance with the simplified approach for such types of amendments as provided for by the Gas Act 1992. A major policy review is planned for mid-2010 from which more substantial and policy related amendments will be considered.

The proposals have come from a number of sources including exemptions granted to date, proposals from allocation participants and proposals from Gas Industry Co. The amendments seek to:

- alter the scope of some of the Rules to align with current practice or intended best practice to ensure the effective operation of the allocation process for downstream reconciliation;
- clarify the scope of some of the existing provisions in the Rules;
- promote ease of understanding and interpretation; and
- resolve some minor drafting and wording issues or other minor matters, provide greater consistency within the Rules, and between the Rules and other gas governance regulations and rules.

Submissions are sought by Tuesday, 30 June 2009.

## Legislative requirements

The outcome stated in the Government Policy Statement (GPS) is the regulatory objective applying to the proposals in this SOP. The outcome is:

'Accurate and timely arrangements for the allocation and reconciliation of downstream gas quantities'

Sections 43L, 43N and 43Q are the sections of the Gas Act 1992 that set out the requirements for making recommendations on rule changes.

Section 43N(3) provides for a simplified process to apply if Gas Industry Co is satisfied that 'the effect of the recommendation [for rule changes] is minor and will not adversely affect the interests of any person in a substantial way'. All of the proposals in this SOP are considered to meet this requirement. Accordingly, Gas Industry Co proposes to:

- Issue an SOP on the proposed rule amendment for consultation, providing information on the reasons for each proposed change and the justification for concluding that section 43N(3) applies; and
- Subject to its consideration of submissions on the SOP and any necessary changes as a result, provide a recommendation to the Minister proposing those minor rule amendments.

## **Proposed rule changes**

The proposed rule amendments are outlined below, with the most significant of the minor amendments identified first:

- amendments to rule 45 to reflect the current operation of the allocation process (in light of existing exemptions) and to ensure that allocated quantities balance with injection quantities, including:
  - ensuring that all residual injected gas quantities are allocated in situations where no consumption information has been submitted, where no allocation group 4 or 6 consumption exists or where zero data has been submitted for allocation groups 4 and 6; and
  - establishing a zero floor for gas gate residual profile values and the consequential scaling of daily allocations to match injected quantities.
- amendment of rules 31, 41 and 48 so that injection and consumption information and allocation reports can be provided at 1200 hours, rather than 0800 hours, on the day set in the relevant rule;
- amendment of rule 25 so that Gas Industry Co is able to give notice of specified file formats for additional information exchanges required by the Rules, ie to those from the allocation agent and those to Gas Industry Co. There is also provision made in rule 26 to enable the allocation agent to request any information reasonably required to carry out its role under the Rules;
- amendment of rule 39 to extend the deadline for provision of gas gate trading notifications by retailers;

- amendments to several provisions to more accurately reflect the role transmission system owners, and associated transmission arrangements, have in the downstream allocation process; and
- other minor amendments mainly comprising technical or drafting corrections and clarifications.

The proposed rule amendments are set out in track change format on the existing Rules in Appendix A to this SOP.

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# 1

## Introduction

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### 1.1 Background

The Gas (Downstream Reconciliation) Rules 2008 (the 'Rules') were approved by the Minister of Energy in May 2008.

Rules 1 to 26 and rules 76 to 84 came into effect on 27 June 2008, and primarily related to the appointment of the allocation agent, the allocation agent website, and general provisions regarding funding, notices and exemptions. The remaining parts of the Rules came into effect on the go-live date of 1 October 2008, enabling the allocation and reconciliation framework to commence operation, including the provision of gas injection and consumption information and the allocation and reconciliation processes to be carried out by the allocation agent.

The purpose of the Rules as set in rule 2 is to:

Establish a set of uniform processes that will enable the fair, efficient and reliable downstream allocation and reconciliation of downstream gas quantities

The Rules establish a framework for the downstream allocation and reconciliation of gas which includes provisions for:

- The appointment of an allocation agent to carry out the allocation and reconciliation of gas. The current allocation agent is The Marketplace Company Limited (M-co).
- The monthly allocation of gas so that all of the gas quantities injected at each gas gate are allocated between the retailers who submit consumption quantities for that gas gate. For any consumption month there are initial, interim and final allocations.
- The annual reconciliation of allocated gas quantities against billing information.
- Ancillary functions which include (amongst others) the granting of exemptions, directing special allocations and initiating performance and event audits.

The Rules are technically complex and need to provide for a range of circumstances, not all of which may have been exactly anticipated when the Rules were approved. Thus, the expectation has been that it would be necessary to amend or extend the Rules, to take account of experience and to ensure that they are as effective as possible in achieving their purpose.

This statement of proposal (SOP) sets out an initial package of proposed changes to the Rules.

Under the Gas Act 1992, a recommendation for rule changes is in the first instance subject to the same requirements and processes as apply to proposed new rules – as set out in section 43N(1). However, if the effect of the recommendation is only minor and will not adversely affect the interests of any person in a substantial way, the recommendation is not required to comply with the process requirements set out in section 43N(1). Gas Industry Co considers the proposed changes in this SOP are minor and will not adversely affect the interests of any person in a substantial way.

A major policy review in respect of the Rules is planned for mid-2010 and that will be the time to consider more substantial amendments to the Rules.

## **1.2 Source of Proposals**

The proposals in this SOP have been derived in the following ways:

- Over the past several months Gas Industry Co has granted a number of exemptions to allocation participants and the allocation agent which enable the allocation process set out in the Rules to operate in an effective manner and achieve the purpose of the Rules. Several proposed rule amendments have been based on the practice now in existence under these exemptions, where the experience with the exemption to date has confirmed that the proposed amendments are appropriate and effective.
- Allocation participants have proposed rule changes for a variety of reasons; and
- Gas Industry Co has proposed rule changes where it considers that changes are required to give proper effect to the intentions of the Rules, to correct minor errors, to clarify the scope of some the existing provisions in the Rules, to promote ease of understanding and interpretation and to provide greater consistency within the Rules, and between the Rules and other gas governance regulations and rules.

As noted above, all of the rule changes have been proposed on the basis that they are minor in character and therefore suitable for inclusion in the current SOP. In anticipation of this, Gas Industry Co has established a process for the preliminary assessment and monitoring of rule change proposals. The outcome of that process is to categorise proposals and place them on a register, so that their

status and progress can be tracked. This process and register can be viewed at the following website location:

<http://www.gasindustry.co.nz/work-programme/market-administration/gas-downstream-reconciliation-rules-2008>

### **1.3 Submissions**

Submissions are invited from stakeholders on this SOP. Submissions should be provided no later than **5pm on Tuesday, 30 June 2009** and preferably provided as soon as practicable.

Please note that, given the tight timeframes in order to have any proposed rule amendments in effect for the start of the 2009/2010 gas year, submissions received after this date almost certainly will not be able to be considered.

The recommended format for submissions is attached as Appendix A and may be downloaded from the Consultation section of the downstream reconciliation work programme. Submissions can be made by logging-on<sup>1</sup> to Gas Industry Co's website [www.gasindustry.co.nz](http://www.gasindustry.co.nz), navigating to the downstream reconciliation work programme and uploading your submission in the Consultation section. 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.

Feedback is also sought in the drafting of the proposed rule amendments contained in Appendix A. For convenience, a Word version of the proposed rule amendments will be made available separately on the Gas Industry Co website so that, where appropriate, stakeholders can provide feedback by marking-up the document with suggested amendments and comments.

Gas Industry Co values openness and transparency and, therefore, submissions will generally be made available to the public on Gas Industry Co's website. Submitters should discuss any intended provision of confidential information with Gas Industry Co prior to submitting the information.

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<sup>1</sup> To log on to the Gas Industry Co website requires registration. This is a one-off process.

# 2

## Legislative Requirements

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### 2.1 Regulatory objective

The Government Policy Statement (GPS) sets out the Government's objectives and outcomes for governance of the New Zealand gas industry, and its expectations for industry action. Under section 43ZO of the Act, Gas Industry Co must have regard to the objectives and outcomes set out in the GPS when making recommendations to the Minister for gas governance rules or regulations.

The Government's overall policy objective for the gas industry, as stated in the Act and the GPS, is:

To ensure that gas is delivered to existing and new customers in a safe, efficient, fair, reliable, and environmentally sustainable manner.

In regard to downstream reconciliation the GPS states the following outcome:

Accurate and timely arrangements for the allocation and reconciliation of downstream gas quantities.

Accordingly, this is the regulatory objective applying to all of the proposals in the current SOP. The amendments proposed in the SOP seek to improve the operation and efficiency of the processes for ascertaining the quantities of gas that each retailers' customers have consumed downstream of the connection to the transmission system.

### 2.2 Rule making powers

The Rules were primarily made under section 43F(2) of the Act which provides that regulations (and rules in accordance with section 43Q) may be made:

- (a) providing for the establishment and operation of wholesale markets for gas, including for
  - (i) protocols and standards for reconciling and balancing gas:
  - (ii) clearing, settling, and reconciling market transactions:
  - (iii) the provision and disclosure of data and other market information:
  - (iv) minimum prudential standards of market participation:

- (v) minimum standards of market conduct:
- (vi) arrangements relating to outages and other security of supply contingencies:...

In order to reconcile and balance the quantities of gas purchased by retailers on the wholesale gas market, it is necessary to have processes for ascertaining the quantities that each of those retailers' customers have consumed downstream of the connection to the transmission system.

The rule amendments proposed in this SOP are also considered to come within the same regulation or rule making powers in section 43F(2) of the Act.

Similarly, given that the Rules were considered by Gas Industry Co and the Minister to satisfy the requirements of section 43O of the Act, it is considered that the rule amendments proposed in this SOP also meet those requirements and can be given effect as rules (and not regulations). The proposed rule amendments involve technical matters rather than matters of general principle and will only be binding on industry participants rather than the general public. Any rule amendments will also be accessible at no charge and at no cost on the websites of the Ministry of Economic Development and Gas Industry Co.

## **2.3 Gas Act requirements for recommending rule changes**

Sections 43L and 43N of the Act set out the requirements for making recommendations on gas governance rules or rule changes.

Under section 43L(1), before making a recommendation, Gas Industry Co must:

- (a) undertake an assessment under section 43N; and
- (b) consult with persons that the industry body (Gas Industry Co) thinks are representative of the interests of persons likely to be substantially affected by the proposed rule changes); and
- (c) give those persons the opportunity to make submissions; and
- (d) consider those submissions.

Section 43N(1) requires that, before making a recommendation to the Minister, Gas Industry Co must:

- (a) seek to identify all of the reasonably practicable options for achieving the objective of the [rule change]; and
- (b) assess those options by considering:
  - (i) the benefits and costs of each option; and
  - (ii) the extent which the objective would be promoted or achieved by each option; and
  - (iii) any other matters considered to be relevant; and

(c) ensure that the objective of the proposed [rule change] is unlikely to be satisfactorily achieved by any reasonably practicable means other than the making of the [rule change]; and

(d) prepare statement of proposal for the purpose of consultation under section 43L(1).

However, a simplified process can apply in the following circumstances under section 43N(3):

The industry body ... is not required to comply with subsection (1) if it is satisfied that the effect of the recommendation is minor and will not adversely affect the interests of any person in a substantial way.

Gas Industry Co considers that all of the proposed rule amendments in the current SOP are of this nature.

## **2.4 Simplified process where section 43N(3) applies**

Accordingly, Gas Industry Co intends to follow a simplified process in respect of the rule amendments proposed. This is set out as follows:

- Gas Industry Co issues this SOP on the suggested rule changes for consultation with all industry participants and other affected persons; and
- Set out in the SOP are the reasons for each proposed rule change and the justification for concluding that s43N(3) applies.

Prior to making any recommendation to the Minister in respect of the proposed rule amendments, Gas Industry Co will consider all submissions received on the SOP to assess whether it remains satisfied that the proposed rule amendments are minor and will not adversely affect the interests of any person in a substantial way.

# 3

## Proposed Rule Changes

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The more significant rule amendments proposed are summarised on an individual basis below. This discussion also includes assessments of the materiality and effect of the relevant rule amendments proposed and assessment in relation to section 43N(3).

A number of rule amendments proposed are very minor in nature, in that they clarify the scope of some of the existing provisions in the Rules; promote ease of understanding and interpretation; and resolve some minor drafting and wording issues. These rule amendments are separated out and considered in a single table at the end of this section.

The actual changes proposed to the drafting of the Rules are incorporated in the track changes version of the Rules attached as Appendix A.

### **3.1 Amendment to rule 45 to reflect current operation of the allocation process and ensure all gas is allocated**

#### **Description of change**

Amendments to rule 45 are proposed to ensure that all gas is able to be allocated in situations where the current rules do not enable that to be the case. These situations are currently addressed in several exemptions to allow allocation to operate effectively and efficiently. The amendments:

- Provide a zero-floor for gas gate residual profile (GGRP) values so that historic estimate distortions caused by such negative values do not occur. This approach is currently proposed by Gas Industry Co via the transitional exemption process<sup>2</sup>, in response to industry concerns, and an equivalent approach is adopted on this issue for electricity in the Electricity Governance Rules.
- Provide for the general scaling of total allocated quantities to match injection quantities to address the following situations in particular:

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<sup>2</sup> See exemption application DR09-08-T in the consultation paper titled 'Consultation on Exemption Applications under the Gas (Downstream Reconciliation) Rules 2008', released on 3 April 2009. A decision on this application is expected by mid-June.

- Where there are only allocation group 1 and 2 (TOU) and allocation group 3 and 5 consumer installations at a gas gate and no allocation group 4 or 6 consumption occurs. This currently occurs in the allocation system via the allocation of residual unallocated quantities in accordance with an existing transitional exemption – see [Gas \(Downstream Reconciliation\) Rules 2008 \(Exemption DR08-13-T: Group 1, 2, 3, and 5 Consumer Installations\) Notice 2008](#).
- Where the application of a zero-floor for gas gate residual profile values means daily allocation quantities may exceed injection quantities. This approach is currently proposed by Gas Industry Co via the transitional exemption process.<sup>3</sup>
- Allocate residual unallocated quantities where zero consumption information has been submitted but injection quantities exist at a gas gate. The residual amounts are allocated in proportion to the retailer’s consumption data for the previous consumption period at the gas gate or, when a retailer ceases or commences trading at the gas gate in the current consumption period, allocated equally across all retailers at the gas gate. This currently occurs in the allocation system in accordance with an existing transitional exemption - [Gas \(Downstream Reconciliation\) Rules 2008 \(Exemption DR09-03-T: Residual Injection Quantity Allocation\) Notice 2009](#) – and this methodology is proposed to be set out in a new Schedule to the Rules.

## Reasons for changes

The primary reason for the changes described above is to ensure that all injected gas quantities at gas gates are able to be allocated. That injected quantities should balance with allocated quantities is a central policy tenet underpinning the operation of the Rules. The inclusion of a general scaling of allocation quantities to match injection quantities, in order to allocate residual amounts of unallocated gas, should also improve the ability of the allocation results to fit within the tolerances currently provided for in OATIS.

The proposal for a zero floor for GGRP values seeks to remedy the issues caused by negative GGRP values. Negative GGRP values create problems for retailers which have to use those values in the calculation of historic estimates. This can lead to daily non-TOU consumption being overestimated which can in turn adversely impact on retailers’ upstream arrangements.

While it is an option to use the actual terms and conditions of the relevant exemptions in the rule amendments proposed here, that is considered by Gas Industry Co to provide an unnecessarily complex and piecemeal outcome in terms of the operation of rule 45. Instead the approach proposed

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<sup>3</sup> See footnote 2 above.



here for the amendments to rule 45 seeks to consolidate, combine and simplify (to the extent possible) the existing principles and processes being applied in the allocation process through those exemptions.

### **Coverage by section 43N(3) of the Act**

These changes are considered of minor effect in that they either give effect in rules to the existing allocation practice achieved via the exemption process or simply seek to achieve the fundamental policy tenet of ensuring that all gas is allocated.

The situations that the proposed rule amendments will address occur as the exception rather than the rule in the allocation process and were not anticipated when the Rules were first drafted. Currently approximately 10 to 15 of the 97 allocated gas gates<sup>4</sup> exhibit negative GGRP values. There are fewer gas gates still where no allocation group 4 and 6 consumer installations exist. The instances where zero consumption information is submitted when injection quantities exist are particularly rare – on average less than one gas gate per allocation.

There are not expected to be any substantial adverse effects on any retailer at the gas gates affected. Benefits for allocation participants are anticipated, particularly in relation to the zero floor for GGRP values and the proposed scaling approach. All injected quantities should be allocated and the approach proposed is considered the fairest way of achieving this.

*Q1: In relation to the proposal to amend rule 45 to reflect the existing allocation process and ensure that all gas quantities are allocated:*

- *Do you agree or disagree with the proposal? Please provide reasons.*
- *Do you have any comments on the specific drafting proposed?*
- *Do you agree or disagree that the proposal meets the requirements of section 43N(3) of the Act?*

## **3.2 Provision of injection and consumption information at 1200 hours rather than 0800 hours**

### **Description of change**

Under the Rules for initial allocations:

- transmission system owners (TSOs) must provide injection information to the allocation agent under rule 41 at 0800 hours on the fourth business day of the month following the consumption period;

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<sup>4</sup> Assuming that groups of gas gates (ie notional delivery points) , as formally determined by Gas Industry Co. are a single allocated gas gate.

- retailers must provide consumption information to the allocation agent under rule 31 at 0800 hours on the fourth business day of the month following the consumption period; and
- the allocation agent must provide allocation reports to allocation participants under rule 48 at 0800 hours on the fifth business day of the month following the consumption period.

This proposed rule amendment changes each of these 0800 hours deadlines to 1200 hours on the same day (including in relation to the publication of the monthly UFG factor by the allocation agent under rule 46.4.1).

These amended deadlines are consistent with the terms of previous and existing exemptions – see [Gas \(Downstream Reconciliation\) Rules 2008 \(Urgent Exemption DR09-09-S: Injection Information\) Notice 2009](#), [Gas \(Downstream Reconciliation\) Rules 2008 \(Exemption DR08-15 to 18-S: Injection information\) Notice 2008](#), and [Gas \(Downstream Reconciliation\) Rules 2008 \(Exemption DR08-28-T: Allocation Agent Monthly UFG Factor\) Notice 2008](#).

They are also consistent with the recommended course of action proposed in the report, developed in consultation with industry participants, regarding the operation of [Gas \(Downstream Reconciliation\) Rules 2008 \(Exemption DR08-15 to 18-S: Injection information\) Notice 2008](#) in respect of rule 41.

## **Reasons for change**

TSOs (principally Vector) are currently not able to provide injection quantities to the allocation agent by 0800 hours on the fourth business day of the month following the consumption period. TSOs have indicated that the anticipated costs to meet the 0800 hours deadline are significant and without benefit. Since the Rules went live, exemptions have been in place to extend that deadline by four hours to 1200 hours on the fourth business day of the month following the consumption period.

The changes to the timings under rules 31, 46.4.1, and 48 are purely consequential. The change under rules 46.4.1 and 48 in particular ensures that the allocation agent still has the same amount of time available to carry out initial allocations.

In recent consultation on these deadlines through the rule 41 exemption report noted above, there was unanimous support from TSOs and retailers to maintain the 1200 hours deadline. The additional time enables both TSOs and retailers to provide more accurate information for the initial allocation, in what is already a tight timeframe from the final day of the consumption period (ie the previous calendar month) – and without affecting the efficiency of the allocation process or the upstream arrangements relying on the downstream allocation results.

### **Coverage by section 43N(3) of the Act**

The change is minor because it simply extends the relevant rule deadlines by four hours without any adverse or material effect on the allocation process.

The rule amendment proposed would simply be giving effect to the existing practice that has operated since the Rules went live and there is considered to be no substantial adverse effect on any person. The change benefits TSOs by giving them additional time to provide validated injection quantities, while retailers also receive the benefit of having more time to make submissions. Combined, these benefits improve the accuracy of data submitted to the allocation agent for processing. The impact on the allocation agent is neutral.

*Q2: In regard to the proposal to amend rules 31, 41 and 48 so that injection and consumption information and allocation reports can be provided at 1200 hours rather than 0800 hours:*

- *Do you agree or disagree with the proposal? Please provide reasons.*
- *Do you have any comments on the specific drafting proposed?*
- *Do you agree or disagree that the proposal meets the requirements of section 43N(3) of the Act?*

### **3.3 Extension of file formats under rule 25**

#### **Description of change**

The proposed amendment to rule 25 seeks to ensure that Gas Industry Co is able to give notice of specified file formats in respect of information exchanges required under the Rules from the allocation agent to allocation participants and between Gas Industry Co and allocation participants.

Currently rule 25 only refers to file formats in respect of information exchanges from allocation participants to the allocation agent.

#### **Reasons for change**

The reason for the change is to promote consistency and efficiency in the formats in which information is exchanged between allocation participants and the allocation agent (and, to a lesser extent, Gas Industry Co).

It is noted that there is strong industry support for having standard file formats across a range of activities and this has been given practical form through the establishment of the Information Exchange File Formats Working Group (IEFFWG).

### **Coverage by section 43N(3) of the Act**

The change is minor as it simply extends an existing provision to expressly cover information exchanges *from* the allocation agent rather than just *to* the allocation agent (and in respect of the less common information exchanges to Gas Industry Co), thereby enabling rule 25 to be more comprehensive in its coverage.

There is not expected to be any substantial impact on any allocation participants or the allocation agent. Standard file formats already exist for information exchanges from the allocation agent and are comprehensively followed despite the restrictions to the existing rule 25.

*Q3: In regard to the proposal to amend rule 25 so that Gas Industry Co is able to give notice of file formats for additional information exchanges required by the Rules:*

- *Do you agree or disagree with the proposal? Please provide reasons.*
- *Do you have any comments on the specific drafting proposed?*
- *Do you agree or disagree that the proposal meets the requirements of section 43N(3) of the Act?*

### **3.4 Enabling the allocation agent to request information reasonably required**

#### **Description of change**

Rule 26 is proposed to be amended with the inclusion of a new subclause which will enable the allocation agent to request any information that it reasonably requires from allocation participants in order to carry out its role.

An equivalent provision already applies in respect of reconciliation under the Electricity Governance Rules.

#### **Reasons for change**

This change will ensure that the allocation agent has the necessary information to carry out its role – for example, the provision of all relevant information surrounding errors/corrections or estimated data. Since the Rules went live, allocation participants have generally been very co-operative in terms of their dealings with the allocation agent. However, the amendment will better ensure that an allocation participant is not able to hinder the operation of the allocation process through the failure or refusal to provide relevant information.

## Coverage by section 43N(3) of the Act

The change is minor as participants generally provide such information already and the proposed rule amendment is limited to information reasonably requested that is needed for the allocation agent to carry out its obligations under the Rules.

Although it may be conceivable for the provision to be seen as a mechanism to seek information that participants would choose to decline under a voluntary regime, there is no provision for the allocation agent to seek information that is not genuinely required to carry out its job. In addition, there is the protection of the request having to be 'reasonable'. It is thus considered that there will be no significant adverse effects on any participant.

*Q4: In regard to the proposal to include a new subclause 26.4 which will enable the allocation agent to reasonably request any information required for its role:*

- Do you agree or disagree with the proposal? Please provide reasons.*
- Do you have any comments on the specific drafting proposed?*
- Do you agree or disagree that the proposal meets the requirements of section 43N(3) of the Act?*

## 3.5 Extension of deadline for gas gate trading notifications

### Description of change

An amendment to rule 39 is proposed to extend the deadline for provision of gas gate notices (ie trading notifications) to the allocation agent by three business days. Currently, rule 39 provides that such notices must be given to the allocation agent by the final day of the relevant consumption period. It is proposed to extend that deadline to the third business day of the month following the relevant consumption period. This extended deadline represents the current practice under an existing exemption – see [Gas \(Downstream Reconciliation\) Rules 2008 \(Exemption DR09-04-S: Gas Gate Trading Notification\) Notice 2009](#).

This rule has also been amended to ensure notification is provided to the allocation agent when a retailer's transmission service agreement commences or ceases.

### Reasons for change

It has become apparent from experience to date that allocation participants will not always be in a position to comply with the current gas gate notice timeframe specified in rule 39.2.3. Extending the gas gate trading notice timeframe to the third business day of the month following the relevant consumption period will reduce the instances where retailers are unable to comply with the timeframe

specified in rule 39.2.3. Relaxing the requirement by three business days provides more time without significantly impacting on other aspects of the allocation process.

The extension of the gas gate trading notice to include a retailer's transmission service agreement status seeks to recognise the fact that the allocated quantities are currently assignment to these agreements. This amendment will ensure that the allocation system is able to efficiently deal with changes in a retailer's transmission service agreement status and assist accurate allocations in respect of those agreements.

### **Coverage by section 43N(3) of the Act**

The deadline change is minor as it simply extends a deadline by three business days, ie provides more time for retailers, without having any consequential impact on the timing of initial allocations. The extended gas gate notice timeframe will not adversely affect, but is likely to improve, the reliability, efficiency and accuracy of the allocation results for the initial allocation under rule 48. The change reflects the current practice of allocation participants and the allocation agent, as required by the aforementioned exemption. When the exemption was consulted on, there was a view from one participant that a much longer delay should be provided, but the majority of allocation participants viewed that three business days was appropriate. Gas Industry Co agreed with the majority view of participants – particularly with the gas registry now operating to assist the timely provision of gas gate trading notices.

The extension of the gas gate trading notice to include a retailer's transmission service agreement status is also considered minor – as it simply reflects the existing practice of allocation participants in relation to the GAS020 file set out in the Allocation Agent Functional Specification.

*Q5: In regard to the proposal to amend rule 39 to extend the deadline for the provision of trading notifications:*

- *Do you agree or disagree with the proposal? Please provide reasons.*
- *Do you have any comments on the specific drafting proposed?*
- *Do you agree or disagree that the proposal meets the requirements of section 43N(3) of the Act?*

## 3.6 Amendments to reflect the role of TSOs in the allocation process

### Description of change

Several rule amendments are proposed to more accurately reflect the role TSOs play in the allocation process.

Rule 41 is proposed to be amended to clarify that TSOs are also required to submit updated or corrected injection information for each allocation – as currently occurs with the allocation agent downloading such quantities from OATIS at each allocation. There is also a minor amendment in rule 41 to clarify that those ‘estimated’ quantities are unvalidated quantities.

Rule 44.1 is proposed to be amended to clarify that errors in injection information must also be notified to the allocation agent and that the allocation agent can perform amended allocations as a result. Rules 48 to 50 are proposed to be amended to provide that each retailer’s allocation results are also provided to the relevant TSO. Other amendments have been made to rules 5, 30, and 45 to recognise the role transmission service agreements have in relation to the submission and allocation of gas quantities.

All of these amendments reflect the current practice of the allocation process, whether it be through the allocation agent service provider agreement or voluntary best practice adopted by allocation participants and the allocation agent.

### Reasons for change

The changes seek to better reflect the role TSOs, and the associated transmission arrangements, play in the allocation process and provide certainty around the continuation of existing practices adopted by allocation participants and by the allocation agent.

### Coverage by section 43N(3) of the Act

The proposed rule amendments are all minor as they simply seek to confirm existing practices adopted by allocation participants and the allocation agent. Accordingly, there is not expected to be any adverse affect on any person.

*Q6: In relation to the proposal to amend rules 5, 30, 41, 44, 45, and 48-50 to better reflect the role of TSOs and transmission arrangements in the downstream allocation process:*

- Do you agree or disagree with the proposal? Please provide reasons.*
- Do you have any comments on the specific drafting proposed?*

- Do you agree or disagree that the proposal meets the requirements of section 43N(3) of the Act?

### 3.7 Other proposed minor rule amendments

The changes dealt with in this section are all minor and technical changes which are designed to clarify the meaning of the Rules, streamline processes and correct technical problems. It is convenient to deal with these in tabular format.

Description of change	Reasons for change	Coverage by section 43N(3) of the Act
<b>Rules 15 to 18</b> – Proposed amendment to drafting of ongoing fees provisions (rules 15 to 18), so as to be more consistent with the equivalent provisions in the Gas Governance (Critical Contingency Management) Regulations 2008 and the Gas Governance (Compliance Regulations) 2008.	To provide more consistency between the ongoing fee provisions of the different gas governance regulations and rules.	Minor drafting change. Will have no discernable effect on allocation participants.
<b>Rules 23 and 24</b> – Proposed amendment to drafting of the notice provisions (rules 23 and 24) to be more consistent with the equivalent provisions in the Gas Governance (Critical Contingency Management) Regulations 2008 and the Gas Governance (Compliance) Regulations 2008.	To create greater consistency between the notice provisions in the different gas governance rules and regulations.	Minor drafting change. Will have no discernable effect on allocation participants.
<b>Rule 30</b> – New clause 30.5 proposed to clarify that consumption information is required to be provided for each allocation regardless of whether or not it has changed since the previous allocation, ie reliance on previous submissions is not permissible. Note also the new clause 30.4 outlined above which requires the provision of the relevant transmission services agreement identifier with consumption information submitted.	To ensure that interim and final allocations benefit from the most up to date consumption and injection information available. Will ensure intention of the Rules on this point is clear.	Minor change as reflects existing practice of allocation participants. Will not have any adverse effects on any participant.
<b>Rule 35</b> – New clause 35.4 proposed to address situation where sum of seasonal adjustment daily shape values is zero (meaning the historic estimate formula cannot work because of a zero value divisor). Amended deemed historical estimate is deemed to be zero in that	To ensure that the historic estimates formula continues to provide an appropriate result when sum of seasonal adjustment daily shape values is zero.	Minor change. No adverse impacts on participants but a minor system change could be required. It will ensure participants are able to submit historic estimate consumption data in



Description of change	Reasons for change	Coverage by section 43N(3) of the Act
situation.		compliance with the formula in the Rules.
<b>Rule 40.1</b> – Proposed amendment to rule 40.1 deadline for provision of historic estimates to match up with the initial, interim and final allocation deadlines. The historic estimate volumes are currently provided in allocation submissions via the file formats ie GAS040, GAS050 and GAS060 when consumption information is submitted – rather than in the later deadline specified in rule 40.1.	To ensure consistent deadlines for all of the consumption related submissions required from retailers – so that the Rules provide the most efficient deadlines for retailers.	Minor change. Reflects current practice of allocation participants and allocation agent.
<b>Rule 40.2</b> – Proposed amendment to rule 40.2 deadline for provision of meter reading frequency information to match existing practice of monthly rather than annual submissions. The meter reading frequency information is currently provided on a rolling 12 month basis and is submitted monthly via file format GAS080 rather than annually under rule 40.2.	To ensure that the requirements for the provision of meter reading information in the Rules reflect what is accepted to be the most efficient and appropriate practice for the industry.	Minor change. Reflects current practice of allocation participants and allocation agent.
<b>Rule 42</b> – Proposed amendment to rule 42 to clarify that estimated injection data refers to un-validated injection data.	To ensure that there is a common understanding of the term ‘ estimated’ in the context of injection information in respect of rule 42.	Minor change. Reflects current practice of TSOs.
<b>Rule 52</b> – Proposed amendment to rule 52 to provide greater clarity on how it is intended to operate in practice, and also to simplify the application and operation of rule 52.	To ensure that rule 52 is applied in practice in the way intended when the Rules were drafted and in accordance with the current guideline note issued in respect of this rule.	Minor change. Amendment reflects current practice of allocation participants and the allocation agent.
<b>Rule 53</b> – Proposed amendment to rule 53 deadlines for the publication of certain allocation agent reports to reflect current practice.	These reports are automatically generated by the allocation system when initial, interim and final allocations are published.	Minor change. Reflects current practice of allocation agent.
<b>Rule 54</b> – New clause 54.3 proposed to clarify that a registry deemed profile is both ICP and retailer specific. This reflects the accepted understanding of the operation of such profiles.	To ensure that it is understood that registry deemed profiles are both ICP and retailer specific.	Minor change. Reflects current understanding and will have no discernable effect on allocation participants.
<b>Rule 62</b> – New clause 62.3 to clarify what happens to a profile when a consumer installation switches retailers to reflect the	To ensure that the application of rule 62.3 to the switching of a consumer installation is as	Minor change. Reflects current understanding and will have no discernable effect

Description of change	Reasons for change	Coverage by section 43N(3) of the Act
accepted understanding of the intended operation of the rule.	intended when the Rules were drafted.	on allocation participants.
<b>Rule 75</b> – Renumbering of rule 75.2.1(b) to 75.2.2 to correct typographical error.	To ensure the correct numbering of rules within the Rules.	Will have no effect on allocation participants.
<b>Rules 82-84</b> – Deletion of rules 82-84. These rules are no longer applicable given that the registry is now operational.	To ensure that the Rules are current.	Will have no effect on allocation participants.

*Q7: In relation to the minor drafting changes proposed in section 3.7:*

- Do you agree or disagree with the proposals? Please provide reasons.*
- Do you have any comments on the specific drafting proposed?*
- Do you agree or disagree that the proposals meet the requirements of section 43N(3) of the Act?*

*Q8: Are there any other potential rule changes, which are minor and insubstantial in nature, that you would like to see?*

*Q9: Do you have any comments on the drafting of any other aspects of the proposed rule amendments attached as Appendix A? Where appropriate, please provide a marked-up copy of the rule amendments (note a Word version is available on Gas Industry Co's website for this purpose).*

# 4

## Implementation

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The aim is to have the rule amendments set out in this SOP approved by the Minister and in effect by 30 September 2009, ie by the start of the new gas year commencing on 1 October 2009.

In order to achieve this, actions will need to occur in accordance with the attached timetable.

Approximate date	Activity
Early June	Statement of proposal issued outlining proposed rule amendments (allow four weeks for submissions).
Mid June	Industry workshop.
Late June	Closing date for submissions. (allow four weeks to prepare final proposed rule amendments and obtain Board approval for the Recommendation).
Late July	Recommendation issued and provided to the Minister.
August (ideally) – October	Proposed rule amendments are approved by the Minister and gazetted. <b>Note</b> Minister is able to take up to 90 days in deciding whether to approve proposed rule amendments, but it is hoped that the time required will be less than this because the changes are minor and non-controversial.
1 October 2009 (ideally) – December	Proposed rule amendments take effect (28 days after being gazetted). <b>Note:</b> The date when any rule amendments come into effect will be dependent on the Ministerial approval timeframe.

Please note that if the proposed rule amendments are recommended by Gas Industry Co and approved by the Minister and given effect, then several current exemptions may become redundant or need to be varied. The process for revoking or amending any current exemptions will occur in due course following any approval on the proposed rule amendments by the Minister.



# **Appendix A Copy of the Rules with proposed changes in track change format**



# **GAS (DOWNSTREAM RECONCILIATION) RULES 2008**

Pursuant to sections 43F, 43Q and 43S of the Gas Act 1992, the Minister of Energy, acting on the recommendation of Gas Industry Company Limited as the industry body appointed pursuant to s43ZL of that Act, makes the following rules.

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**1. Title**

These rules are the Gas (Downstream Reconciliation) Rules 2008.

**2. Purpose**

The purpose of these rules is to establish a set of uniform processes that will enable the fair, efficient, and reliable downstream allocation and reconciliation of downstream gas quantities.

**3. Outline**

These rules provide for –

**3.1** The appointment of an allocation agent; and

**3.2** Processes for the:

**3.2.1** provision of gas injection and consumption information; and

**3.2.2** allocation by the allocation agent of daily gas quantities for each calendar month to retailers at gas gates; and

**3.2.3** reconciliation of downstream gas quantities; and

**3.3** Mandatory information disclosure and reporting by the allocation agent, allocation participants, and the industry body; and

**3.4** Ancillary matters related to the process of allocation and reconciliation such as funding by industry participants and audits.

**4. Commencement**

**4.1** Subject to rule 4.2, these rules come into force on the 28<sup>th</sup> day after their notification in the *Gazette*.

**4.2** Rules 27 to 75 come into force on the go-live date.

**Part 1**

**General Provisions**

**5. Interpretation**

**5.1** In these rules, any term that is defined in the Act and used in these rules, but not defined in these rules, has the same meaning as in the Act.

**5.2** In these rules, unless the context otherwise requires –

**Act** means the Gas Act 1992;

**allocation agent** means the service provider appointed in accordance with rule 7.1 to be the allocation agent;

**allocation agent service provider agreement** means the agreement between the industry body and the allocation agent that provides the terms of the appointment of the allocation agent;

**allocation group** means an allocation group as set out in rule 6;

**allocation participant** means a retailer, distributor, meter owner, or transmission system owner;

**allocation results** means:

- (a) the quantities determined by the allocation agent in accordance with rule 45 and allocated to allocation participants as initial, interim, or final allocations under rules 48 to 50; and
- (b) includes any quantities allocated as a special allocation under rule 51 or corrected quantities allocated under rule 44.3;

**annual reconciliation** means an annual reconciliation in accordance with rule 52;

**annual UFG factor** has the meaning given by rule 46.3.1;

**business day** means any day of the week except –

- (a) Saturday and Sunday; and
- (b) Any day that Good Friday, Easter Monday, ANZAC Day, the Sovereign's Birthday, Labour Day, Christmas Day, Boxing Day, New Year's Day, the day after New Year's Day, and Waitangi Day are observed for statutory holiday purposes; and
- (c) Any other day which the industry body has determined not to be a business day as published by the industry body;

**consumer installation** means one or more gas installations that have a single point of connection to a distribution system or transmission system and for which there is, or has previously been, a single consumer;

**consumption period** means a month during which gas is supplied to consumers;

**contract identifier** means the identifier assigned to a transmission services agreement;

**corrector** means a device that dynamically replaces any one or more of the fixed factors otherwise required to convert gas volume measured at ambient conditions to gas volume measured at standard conditions;

**distributor** means a gas distributor as defined in the Act and, to avoid doubt, may include the owner of a transmission system to which a consumer installation is directly connected;

**dynamic deemed profile** has the meaning given by rule 56.1;

**exceptional circumstances** means circumstances which (in the opinion of the industry body) prevent a retailer from accessing metering equipment despite the best endeavours of the retailer;

**final allocation** has the meaning given by rule 50.1;

**financial year** means a 12-month period beginning on the date determined by the industry body and any anniversary of that date;

**gas gate** means the point of connection between –

- (a) a transmission system and a distribution system; or
- (b) a transmission system and a consumer installation; or
- (c) two gas distribution systems; or
- (d) a group of gas gates, as determined and published by the industry body, treated as a single gas gate for the purposes of these rules;

**gas gate residual profile** has the meaning given by rule 45.1;

**gas year** means the period from 1 October to 30 September;

**GJ** means gigajoule;

**go-live date** means 1 October 2008;

**ICP** means the installation control point, being the point at which a consumer installation is deemed to have gas supplied and which represents the consumer installation on the registry;

**industry body** means the industry body approved by the Governor-General by Order in Council under section 43ZL of the Act. In the event that the approval of the industry body is revoked under section 43ZM of the Act, all references to the industry body shall be treated as references to the Commission;

**initial allocation** has the meaning given by rule 48.1;

**interim allocation** has the meaning given by rule 49.1;

**meter** means an instrument designed to measure the amount of gas passed through it;

**meter owner** means the person who owns or controls a meter used to measure gas consumption for a consumer installation;

**metering equipment** means any one, or a combination of, a meter, corrector, datalogger and the telemetry equipment used to measure or convey volume information related to an ICP;

**monthly UFG factor** has the meaning given by rule 46.3.2;

**non-TOU meter** means a meter which does not have an associated data logger to allow register readings or gas consumption to be recorded automatically at pre-determined intervals;

**ongoing allocation costs** has the meaning given by rule 15.2;

**permanent estimate** means a value sourced from an estimated reading that has passed the allocation participant's validation process and has been calculated from validated register readings. An estimated reading used as a switch reading between retailers and not subject to dispute by either retailer may be treated as a permanent estimate;

**publish** means –

- (a) In respect of information to be published by the industry body, to make such information available on the industry body's website; and
- (b) In respect of information to be published by the allocation agent, to make such information available on the allocation agent's website; and
- (c) For all other information, to make available in such manner as may be determined by the industry body from time to time;

**register reading** means the number displayed by, or estimated for, a meter register or corrector register at a particular date in time, and that represents the volume of gas recorded by the register over a certain period;

**registry** has the same meaning as in rule 5 of the Gas (Switching Arrangements) Rules 2008;

**registered deemed profile** means a static deemed profile or a dynamic deemed profile registered for use by a retailer under Part 3 of these rules;

**responsible retailer** means, for a particular ICP or consumer installation, the retailer whose retailer code is shown on the registry for all or part of a consumption period;

**retailer** means a gas retailer as defined in the Act;

**rules** means these Gas (Downstream Reconciliation) Rules 2008 as may be amended from time to time and includes every schedule to the rules, and any code of practice or any technical code made pursuant to the rules;

**seasonal adjustment daily shape values** means the total gas consumption (expressed as daily GJ values) published by the allocation agent in accordance with rule 53.1, for each gas gate, derived from each gas gate residual profile for all retailers at that gas gate for the previous 24 months in which allocations have been performed;

**special allocation** means an allocation performed in accordance with rule 51;

**static deemed profile** has the meaning given by rule 55.1;

**TJ** means a terajoule;

**TOU meter** means a meter which has an associated datalogger to allow register readings or gas consumption to be recorded automatically at pre-determined intervals;

**TOU** means time of use;

**transmission system owner** means any person or persons who own a transmission system or part of a transmission system and includes any agent of the transmission system owner;

**transmission services agreement** means an agreement between a transmission system owner and a retailer for the transmission system owner to transmit gas, on behalf of the retailer, through its transmission system or part of its transmission system;

**UFG** means unaccounted for gas, including technical and non-technical losses or gains, being the difference between the amount of gas supplied to consumers at consumer installations through a gas gate and the gas injection amounts measured at the gas gate; and

**validated register reading** means a register reading or permanent estimate which has passed an allocation participant's validation process.

## 6. Definition of allocation groups

**6.1** For the purposes of these rules, an **allocation group** means one of the **allocation groups** set out in rule 6.2 and to which each **consumer installation** is:

**6.1.1** Assigned in accordance with rule 29; and

**6.1.2** Entered on the **registry** as belonging to by the **retailer** under rules 41 and 54 of the Gas (Switching Arrangements) Rules 2008.

**6.2** The **allocation groups** are as follows:

**6.2.1 Allocation group 1:** Assigned to **ICPs** that have a **TOU meter** with telemetry and where actual gas quantities are recorded daily:

**6.2.2 Allocation group 2:** Assigned to **ICPs** that have a **TOU meter** without telemetry and where actual gas quantities are recorded daily:

**6.2.3 Allocation group 3:** Assigned to **ICPs** where the daily gas quantities are determined by application of an approved **static deemed profile** to monthly gas quantities taken from **register readings** that are required under rule 29 to be recorded monthly:

- 6.2.4 Allocation group 4:** Assigned to **ICPs** where the daily gas quantities are determined by application of the **gas gate residual profile** to monthly gas quantities taken from **register readings** that are required under rule 29 to be recorded monthly:
- 6.2.5 Allocation group 5:** Assigned to **ICPs** where the daily gas quantities are determined by application of an approved **dynamic deemed profile** to monthly gas quantities taken from **register readings** that are not required under rule 29 to be recorded monthly:
- 6.2.6 Allocation group 6:** Assigned to **ICPs** and where the daily gas quantities are determined by application of the **gas gate residual profile** to monthly gas quantities taken from **register readings** that are not required under rule 29 to be recorded monthly.

*Allocation agent*

**7. Appointment of allocation agent**

- 7.1** The **industry body** will, from time to time, by agreement with a person appoint that person to act as the **allocation agent**.
- 7.2** The **allocation agent** has the functions, rights, powers, and obligations set out in these **rules**.
- 7.3** The **allocation agent** will be appointed for a term agreed by the **industry body** and the **allocation agent** and set out in the **allocation agent service provider agreement**.
- 7.4** The **industry body** may at any time terminate, re-appoint, or change the appointment of any person as the **allocation agent**, subject to the terms of the **allocation agent service provider agreement**.
- 7.5** The remuneration of the **allocation agent** will be agreed as between the **industry body** and the **allocation agent** in the **allocation agent service provider agreement**.
- 7.6** The **industry body** and the **allocation agent** may agree on any other terms and conditions, not inconsistent with the functions, rights, powers and obligations of the **allocation agent** under these **rules**.

**8. Publication of allocation agent service provider agreement**

The **industry body** must **publish** the **allocation agent service provider agreement**.

**9. Allocation agent website**

- 9.1** Prior to the **go-live date**, the **allocation agent** in consultation with the **industry body** must develop a website for the purpose of **publishing** information under these **rules**.

- 9.2 The **allocation agent** website must be functional and available to the public on the **go-live date**.
- 9.3 The **allocation agent** must ensure the information on the website is accurate and up to date.
- 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**.
- 9.5 Notwithstanding anything else in these **rules**, the **allocation agent** must not **publish** any information that it considers is confidential or commercially sensitive.

## 10. Insurance cover

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**.

## 11. Performance standards to be agreed

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** actual performance must be reported and measured at the end of the **financial year**.

## 12. Self-review must be carried out by allocation agent

12.1 The **allocation agent** must conduct, on a monthly basis, a self-review of its performance.

12.2 The review must concentrate on:

12.2.1 The **allocation agent's** compliance in the previous month with –

- (a) its obligations under these **rules**;
- (b) the terms of the **allocation agent service provider agreement**; and
- (c) any performance standards agreed between the **allocation agent** and the **industry body**; and

12.2.2 The operation of these **rules**.

## 13. Allocation agent must report to the industry body

13.1 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.

- 13.2** The report must contain details of –
- 13.2.1** 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**; and
  - 13.2.2** Any area that, in the opinion of the **allocation agent**, an amendment to these **rules** may need to be considered; and
  - 13.2.3** 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.
- 13.3** As soon as practicable after receiving a report under rule 13.1, the **industry body** must **publish** that report, provided the **industry body** may exclude any information it considers to be confidential or commercially sensitive.

**14. Review of allocation agent's performance by the industry body**

- 14.1** At the end of each **financial year**, the **industry body** may review the manner in which the **allocation agent** has performed its duties and obligations under these **rules**.
- 14.2** The review must concentrate on:
- 14.2.1** The **allocation agent's** compliance in the previous year with –
    - (a) its obligations under these **rules**;
    - (b) the terms of the **allocation agent service provider agreement**; and
    - (c) any performance standards agreed between the **allocation agent** and the **industry body**; and
  - 14.2.2** The operation of these **rules**.

*Funding*

**15. Ongoing fees**

- 15.1** The ongoing fees are monthly fees to meet the **ongoing allocation costs**.
- 15.2** Subject to rule 15.3, the **ongoing allocation costs** are ~~the ongoing costs related to allocation and reconciliation and will include –~~
- 15.2.1** The costs payable by the **industry body** to the **allocation agent** for the services provided under Parts 1, 2 and 5 in respect of that **gas year**; and



15.2.2 The costs of the **industry body** associated with allocation and its ~~obligations role~~ under these **rules** during that **gas year**.

15.3 To avoid doubt, the **ongoing allocation costs** do not include –

15.3.1 The costs of the **allocation agent** for performing services under Part 3; and

15.3.2 The costs of performance audits and event audits under Part 4.

15.4 Every person who is a **retailer** on the 1<sup>st</sup> **business day** of a month is liable to pay ongoing fees for that month in accordance with these **rules**.

## 16. How and when estimated ongoing fees payable

16.1 The estimated ongoing fees are payable to the **industry body**.

16.2 As soon as practicable after this rule comes into force and no later than 10 **business days** before the **go-live date**, the **industry body** must determine and ~~publish on its website~~ a breakdown of the estimated **ongoing allocation costs** for the **gas year** commencing on 1 October 2008.

16.3 As soon as practicable after publication of the estimated **ongoing allocation costs** for the **gas year** commencing on 1 October 2008, the **industry body** must notify every person to whom rule 15.4 applies of the estimated **ongoing allocation costs** and that ongoing fees will be payable by that person in that **gas year** in accordance with the following formula:

$$A \times (B/C)$$

Where:

A = the **ongoing allocation costs** estimated in accordance with rule 16.2 and divided by 12; and

B = the total quantity of gas allocated to **retailer A** by the **allocation agent** in the **initial allocation** under rule 48 across all **gas gates** in respect of the **consumption period** that is 2 months before the current month; and

C = the total quantity of gas allocated to all **retailers** by the **allocation agent** in the **initial allocation** under rule 48 across all **gas gates** in respect of the **consumption period** that is 2 months before the current month.

16.4 In respect of the ongoing fees payable by a person during the 2 months immediately after the **go-live date**, for the purposes of rule 16.3, the total quantities of gas referred to in that rule shall be:

16.4.1 Those quantities derived from the information referred to in rules 78.1.1 and 78.1.2; and

16.4.2 That would have been allocated if those quantities had been allocated under these **rules**.

16.5 For each **gas year** following the **gas year** commencing on 1 October 2008, the **industry body** must –

16.5.1 Estimate and ~~publish on its website~~, at least 2 months prior to the beginning of the **gas year**, a breakdown of the estimated **ongoing allocation costs** for that **gas year**; and

16.5.2 As soon as practicable after publication of the estimated **ongoing allocation costs**, notify each person to whom rule 15.4 applies of the estimated **ongoing allocation costs**, and that ongoing fees will be payable by that person in that **gas year** in accordance with the formula in rule 16.3.

16.6 On the 1<sup>st</sup> **business day** of each month, the **industry body**, or the **allocation agent** ~~if required to do so by the industry body~~, must invoice every person to whom rule 15.4 applies ~~with for~~ that person's share of the estimated **ongoing allocation costs payable during that month**, calculated in accordance with the formula in rule 16.3.

## 17. How and when actual ongoing fees payable

17.1 The actual **ongoing fees** are payable to the **industry body**.

17.2 As soon as practicable after the end of each **gas year**, the **industry body** must determine and ~~publish on its website~~ a breakdown of the actual **ongoing allocation costs** for that **gas year**.

17.3 No less than 10 **business days** after publication of ~~the those~~ actual **ongoing allocation costs**, the **industry body** or the **allocation agent** must invoice, or issue a credit note, to each person to whom rule 15.4 applies with the difference between:

17.3.1 That person's share of the actual **ongoing allocation costs** calculated in accordance with the formula in rule 16.3, ~~with the necessary modifications (modified as necessary to refer to the actual ongoing allocation costs)~~; and

17.3.2 The amount of the estimated **ongoing allocation costs** ~~invoiced to paid by~~ that person ~~during in respect of~~ the ~~applicable gas year~~.

## 18. General provisions regarding fees

18.1 The due date for payment of any invoice or refund of any credit is:

18.1.1 The 20<sup>th</sup> day of the month in which the invoice or credit note was received; or An invoice issued under rule 16.6 is the 20<sup>th</sup> day, or following business day, of the month in which the retailer receives the invoice; and

18.1.2 If the day referred to in rule 18.1.1 is not a business day, the following business day Any other invoice or credit note is the 10<sup>th</sup> business day after the date on the invoice or credit note.

18.2 The fees payable under rules 15 to 18 inclusive are exclusive of any goods and services tax payable under the Goods and Services Tax Act

1985, and goods and services tax on those fees (if any) will be added to the invoices [or credit notes](#) issued to **retailers** under rules 16.6 and 17.3.

### *Exemptions*

## **19. Industry body may exempt allocation participant**

**19.1** Subject to rule 19.2, on the application of an **allocation participant** or the **allocation agent**, the **industry body** may, in its discretion and upon the terms and conditions (if any) that it thinks fit, exempt any **allocation participant**, class of **allocation participants**, **gas gate** or the **allocation agent** from complying with all or any of these **rules**.

**19.2** The **industry body** may only grant an exemption under rule 19.1 if it is satisfied that the exemption is desirable to better achieve:

**19.2.1** The objectives set out in section 43ZN of the Act; and

**19.2.2** The purpose of the **rules**.

**19.3** Prior to granting an exemption, the **industry body** must –

**19.3.1** **Publish** the application for the exemption, excluding any information it considers to be confidential or commercially sensitive; and

**19.3.2** Consult with those persons it considers are representative of those classes of persons likely to be substantially affected by the granting of the exemption.

**19.4** The **industry body** must **publish** an exemption, and the reasons for granting the exemption, as soon as practicable after the exemption is granted.

**19.5** An exemption takes effect from the date specified in the exemption which may not be earlier than the date that it is **published**.

## **20. Urgent exemptions**

**20.1** The **industry body** may grant an exemption under rule 19.1 without complying with rule 19.3.2 if the **industry body** considers that it is necessary or desirable that the exemption applied for be made urgently.

**20.2** In that case –

**20.2.1** The exemption must state that it is made in reliance on this rule; and

**20.2.2** The exemption must state an expiry date, which must be a date that, in the opinion of the **industry body**, reasonably enables the **industry body** to consult with the persons specified in rule 20.2.3 about the exemption; and

**20.2.3** The **industry body** must **publish** the exemption and consult with persons it considers are representative of those classes of persons likely to be substantially affected by the exemption; and

**20.2.4** As soon as practicable after consulting in accordance with rule 20.2.3, the **industry body** must:

- (a) determine whether or not to revoke, replace, or amend the exemption; and
- (b) **publish** its determination and the reasons for the determination.

## **21. Variation or revocation of exemptions**

**21.1** An **allocation participant** or **allocation agent** granted an exemption under rules 19 or 20 must notify the **industry body** of any error or change in any circumstances material to the granting or continuing operation of its exemption as soon as practicable after it has become aware of that error or change.

**21.2** An exemption may be varied or revoked, either on application by an **allocation participant**, **allocation agent** or on the initiative of the **industry body**.

**21.3** Rules 19 and 20 apply as if the variation or revocation were the granting of an exemption and with all other necessary modifications.

## **22. List of exemptions**

The **industry body** must **publish** a list of all current exemptions made under these rules.

### *Notices and receipt of information*

## **23. Giving of notices**

**23.1** If these **rules** require any notice or notification to be given, the notice or notification must be in writing and be –

**23.1.1** Delivered by hand to the nominated office of the addressee; or

**23.1.2** Sent by post to the nominated postal address of the addressee; or

**23.1.3** Sent by facsimile to the nominated facsimile number of the addressee; or

**23.1.4** Sent by electronic transmission or any other similar method of electronic communication to the appropriate nominated electronic address of the addressee.

**23.2** For the purposes of rule 23.1, the nominated office, postal address, facsimile number and electronic address of **retailers**, **distributors** and **meter owners** is the information provided to the **registry** under rule 7.2.2 of the Gas (Switching Arrangements) Rules 2008.

**23.3** In the case of an emergency, a person may give notice other than in accordance with rule 23.1, but the person must as soon as practicable, confirm the notice in writing and by a method set out in rule 23.1.

## 24. When notice taken to be given

In the absence of proof to the contrary, notices are taken to be given –

- 24.1 In the case of notices delivered by hand to a person, when actually received at that person's address;
- 24.2 In the case of notices sent by post, at the time when the letter would in the ordinary course of post be delivered, and in proving the delivery, it is sufficient to prove that the letter was properly addressed and posted;
- 24.3 In the case of notices sent by fax, at the time indicated on a record of its transmission;
- 24.4 In the case of notices sent by electronic transmission or any other similar method of electronic communication, ~~at the time the~~:
  - 24.4.1 ~~At the time the c~~Computer system used to transmit the notice has received an acknowledgment or receipt addressed to the electronic mail address of the person transmitting the notice; or
  - 24.4.2 ~~At the time the p~~Person who gave the notice proves the notice was transmitted by computer system to the electronic address provided by the addressee.

## 25. Information exchange file formats

- 25.1 For the purposes of information exchanges between **allocation participants** and the **allocation agent** or the industry body under one or more of these rules:
  - 25.1.1 The **industry body**, after consulting with **allocation participants** and the allocation agent, may give notice ~~to allocation participants~~ specifying one or more information exchange file formats that **allocation participants** or the allocation agent must provide information ~~to the allocation agent~~ in; and
  - 25.1.2 No later than 3 months after receiving the notice, the persons specified in rule 25.1.1 ~~allocation participants~~ must provide information to the **allocation agent** or the industry body in the exchange file formats specified in the notice.

## Part 2

### Allocation process

#### *General provisions*

## 26. General obligations of allocation participants

- 26.1 Every **allocation participant** must act reasonably in relation to its dealings with the **allocation agent** and other **allocation participants** and, in doing so, must use its reasonable endeavours to co-operate with the **allocation agent** and other **allocation participants**.

26.2 Every **allocation participant** must provide the information required under these **rules** in a manner that is:

26.2.1 Accurate and complete; and

26.2.2 Not misleading or likely to mislead; and

26.2.3 Timely.

26.3 Where an **allocation participant** is or becomes aware of a cause of **UFG** at a **gas gate**, it must use reasonable endeavours to remedy the cause of **UFG** or reduce the **UFG** occurring at the **gas gate**.

26.4 An **allocation participant** must, as soon as practicable, provide the **allocation agent** with any additional information reasonably requested by the **allocation agent** for the purpose of carrying out its role in accordance with the rules.

#### *Meter owner obligations*

### 27. Metering equipment accuracy

27.1 For the purposes of gas volume information required to be collected or provided under these **rules**:

27.1.1 Every **meter owner** must ensure that all **metering equipment** used to collect that volume information complies with NZS 5259:2004;

27.1.2 **Metering equipment** which has a margin of error of less than the relevant margins of error specified in NZS 5259:2004 is considered to be accurate; and

27.1.3 Any verification of accuracy must be in accordance with NZS 5259:2004.

#### *Retailer obligations*

### 28. General obligations of retailers

28.1 Every **retailer** must ensure that **metering equipment** is installed and interrogated at each **consumer installation** to which that **retailer** is the **responsible retailer** in accordance with the requirements of the **allocation group** to which the **consumer installation** has been assigned.

28.2 Every **retailer** must ensure the conversion of measured volume to volume at standard conditions and the conversion of volume at standard conditions to energy complies with NZS 5259:2004 for **metering equipment** installed at each **consumer installation** for which the **retailer** is the **responsible retailer**.

28.3 Every **retailer** must supply consumption information in accordance with rules 29 to 40 for all **consumer installations** for which it was the **responsible retailer** to the **allocation agent**.

- 28.4** Every **retailer** must ensure that:
- 28.4.1** The consumption information supplied to the **allocation agent** in accordance with rules 29 to 40 is transferred and stored in such a manner that it cannot be altered without leaving a detailed audit trail; and
  - 28.4.2** A copy of all **register reading** data is kept for a minimum period of 30 months and is made available to the **allocation agent**, **industry body** or an **auditor** on request.
- 28.5** For the purposes of these **rules**, a **retailer** continues to be responsible for gas supplied to all **consumer installations** during all or any part of the **consumption period** in respect of which it is the **responsible retailer**.

**29. Retailer to ensure certain metering interrogation requirements are met**

- 29.1** For a **consumer installation** for which the rolling 12-months actual or expected consumption is greater than 10 **TJ**, every **retailer** that supplies that **consumer installation** must:
- 29.1.1** Ensure a **TOU meter** is installed as soon as practicable, and no later than 3 months, after becoming aware that the actual or expected consumption is greater than 10 **TJ**; and
  - 29.1.2** Assign that **consumer installation** to **allocation group** 1 or 2.
- 29.2** For a **consumer installation** where the rolling 12-month actual or expected consumption is greater than 250 **GJ**, every **retailer** that supplies that **consumer installation** must either:
- 29.2.1** Ensure a **TOU meter** is installed and assign that **consumer installation** to **allocation group** 1 or 2; or
  - 29.2.2** Ensure a **non-TOU meter** is installed and assign that **consumer installation** to **allocation group** 3 or 4.
- 29.3** For a **consumer installation** which has not been assigned to **allocation groups** 1 to 4 under rules 29.1 and 29.2, every **retailer** that supplies that **consumer installation** must ensure a **TOU meter** or **non-TOU meter** is installed and assign that **consumer installation** to **allocation group** 5 or 6.
- 29.4** Every **retailer** that supplies a **consumer installation** must ensure that the **metering equipment** installed at that **consumer installation** is interrogated as follows:
- 29.4.1** All **consumer installations** with **TOU meters** assigned to **allocation groups** 1 or 2 must have **register readings** or consumption recorded for each day commencing at 0000 hours and ending at 2400 hours (New Zealand standard time).
  - 29.4.2** All **consumer installations** with **non-TOU meters** and an expected annual consumption of between 250 **GJ** and 10 **TJ** must have **register readings** recorded monthly.



**29.4.3** All **consumer installations** with **non-TOU meters** to which the **retailer** has continuously supplied gas for the previous 12-month period must have **register readings** recorded at least once every 12-months unless **exceptional circumstances** prevent such an interrogation.

**29.5** Every **retailer** must ensure that a **validated register reading** is obtained at least once every 4 months for 90% of the **consumer installations** with **non-TOU meters** to which the **retailer** has continuously supplied gas for the previous 4 months.

**29.6** For the purposes of rules 29.4.3 and 29.5, any reference to **non-TOU meters** includes a **TOU meter** assigned to **allocation group** 5 or 6.

**30. General requirements for provision of retailer consumption information**

**30.1** For **consumer installations** in **allocation groups** 1 or 2, –

**30.1.1** Daily consumption information provided to the **allocation agent** must commence at 0000 hours and end at 2400 hours (New Zealand standard time) on that day.

**30.1.2** Where a **consumer installation** is supplied by a **retailer** for a part month, the **retailer** is only required to supply consumption information to the **allocation agent** for the days that the **retailer** supplied that **consumer installation**.

**30.2** For **consumer installations** in **allocation groups** 3 to 6, –

**30.2.1** A **register reading** obtained during any day will be deemed to have been obtained at 2400 hours on that day.

**30.2.2** Monthly consumption information provided to the **allocation agent** must commence at 2400 hours on the last day of the previous month and end at 2400 hours on the last day of the month to which the consumption information relates.

**30.2.3** Where a **consumer installation** is supplied by a **retailer** for a part month, the consumption information provided to the **allocation agent** for that part month will be deemed to be the monthly consumption information for that month supplied by that **retailer** for that **consumer installation**.

**30.3** If for any reason whatsoever a **retailer** is not able to comply with the requirement in rules 31.1, 32.1 and 33.1 to provide actual daily energy quantities for a **consumer installation** in **allocation groups** 1 or 2, –

**30.3.1** The **retailer** must provide its best estimate of consumption information to the **allocation agent** and advise the **allocation agent** of the fact that it is an estimate under this rule.

**30.3.2** Compliance with rule 30.3.1 does not mean that the **retailer** has complied with the requirement to provide actual daily energy quantities.



30.4 When providing consumption information to the **allocation agent** in accordance with rules 31, 32 and 33, **retailers** must identify the **transmission services agreement** to which the consumption information relates using the **contract identifier**.

30.5 To avoid doubt, **retailers** must provide consumption information to the **allocation agent** for each **initial, interim and final allocation**, in accordance with rules 31, 32 and 33, irrespective of whether that consumption information has changed between allocations or not.

### 31. Provision of consumption information for initial allocation

To enable the **allocation agent** to perform an **initial allocation** for each **consumption period**, every **retailer** must provide, in respect of the **consumer installations** for which it is the **responsible retailer**, the following consumption information to the **allocation agent** by 081200 hours on the 4<sup>th</sup> **business day** of the month that immediately follows the **consumption period** to which the information relates:

31.1 Actual daily energy quantities for each **consumer installation** in **allocation groups** 1 and 2:

31.2 Estimated daily energy quantities for each **consumer installation** in **allocation group** 3:

31.3 The aggregate estimated daily energy quantities by **gas gate** by profile for **consumer installations** in **allocation group** 5 and the number of **consumer installations** included:

31.4 The aggregate estimated energy quantities by **gas gate** for all **consumer installations** in **allocation groups** 4 and 6.

### 32. Provision of consumption information for interim allocation

To enable the **allocation agent** to perform an **interim allocation** for each **consumption period**, every **retailer** must provide, in respect of the **consumer installations** for which it is the **responsible retailer**, the following consumption information to the **allocation agent** by 0800 hours on the 9<sup>th</sup> **business day** of the 4<sup>th</sup> month that follows the **consumption period** to which the information relates:

32.1 Actual daily energy quantities for each **consumer installation** in **allocation groups** 1 and 2:

32.2 Estimated daily energy quantities for each **consumer installation** in **allocation group** 3:

32.3 The aggregate estimated daily energy quantities by **gas gate** by profile for **consumer installations** in **allocation group** 5 and the number of **consumer installations** included:

32.4 The aggregate estimated energy quantities by **gas gate** for all **consumer installations** in **allocation groups** 4 and 6.

### 33. Provision of consumption information for final allocation

To enable the **allocation agent** to perform a **final allocation** for each **consumption period**, every **retailer** must provide, in respect of the **consumer**

**installations** for which it is the **responsible retailer**, the following consumption information to the **allocation agent** by 0800 hours on the 14<sup>th</sup> **business day** of the 13<sup>th</sup> month that follows the **consumption period** to which the information relates:

- 33.1 Actual daily energy quantities for each **consumer installation** in **allocation groups** 1 and 2:
- 33.2 Estimated daily energy quantities for each **consumer installation** in **allocation group** 3:
- 33.3 The aggregate estimated daily energy quantities by **gas gate** by profile for **consumer installations** in **allocation group** 5 and the number of **consumer installations** included:
- 33.4 The aggregate estimated energy quantities by **gas gate** for all **consumer installations** in **allocation groups** 4 and 6.

#### 34. **Historic and forward estimates**

- 34.1 When providing consumption information to the **allocation agent** for **consumer installations** in **allocation groups** 3 to 6, every **retailer** must derive that consumption information from **validated register readings** using:
  - 34.1.1 rule 35 to create historic estimates; or
  - 34.1.2 rule 36 to create forward estimates, where applicable.
- 34.2 Consumption information for **consumer installations** in **allocation groups** 3 to 6 may contain a combination of historic and forward estimates provided that they are calculated in accordance with rules 35 and 36.
- 34.3 Every **retailer** must retain sufficient information to be able to clearly identify each estimate as being either a historic or a forward estimate, or a combination of both estimates, if requested to by the **allocation agent**.

#### 35. **Application of profiles and seasonal adjustments for historic estimates**

- 35.1 Historic estimates are derived by applying to the difference in gas quantities between two **validated register readings** for the relevant **gas gate** either:
  - 35.1.1 The applicable **registered deemed profile**; or
  - 35.1.2 If no applicable **registered deemed profile** exists, subject to rule 35.3, the **seasonal adjustment daily shape values** for that **consumption period** or part of the **consumption period**.
- 35.2 The following methodologies must be used to calculate a historic estimate of consumption information for a **consumer installation**:
  - 35.2.1 Where the period between any two consecutive **validated register readings** encompasses an entire **consumption period**:

$$HE_{CI} = GJ_P \times A / B$$

Where:

$HE_{CI}$  is the quantity of gas in **GJ** allocated to a **consumption period** for a **consumer installation**

$GJ_P$  is the gas quantity in **GJ** calculated from the difference between the last **validated register reading** prior to the **consumption period** and the first **validated register reading** after the **consumption period**

A is the sum of the applicable **registered deemed profile** or **seasonal adjustment daily shape values** for the relevant **gas gate** during the **consumption period**

B is the sum of the applicable **registered deemed profile** or **seasonal adjustment daily shape values** for the relevant **gas gate** during the same time period as is covered by  $GJ_P$ .

**35.2.2** Where a **validated register reading** falls within the **consumption period**:

$$HE_{CI} = (GJ_{P1} \times A_1 / B_1) + (GJ_{P2} \times A_2 / B_2)$$

Where:

$HE_{CI}$  is the gas quantity in **GJ** allocated to a **consumption period** for a **consumer installation**

$GJ_{P1}$  is the gas quantity in **GJ** calculated from the difference between the last **validated register reading** prior to the **consumption period** and the **validated register reading** falling within the **consumption period**

$A_1$  is the sum of the applicable **registered deemed profile** or **seasonal adjustment daily shape values** for the relevant **gas gate** for the period from the first day of the **consumption period** to the day of the **validated register reading** falling within the **consumption period**

$B_1$  is the sum of the applicable **registered deemed profile** or **seasonal adjustment daily shape values** for the relevant **gas gate** for the same time period as is covered by  $GJ_{P1}$

$GJ_{P2}$  is the gas quantity in **GJ** calculated from the difference between the **validated register reading** falling within the **consumption period** and the first **validated register reading** after the **consumption period**

$A_2$  is the sum of the applicable **registered deemed profile** or **seasonal adjustment daily shape values** for the relevant **gas gate** for the period from the day of the **validated**

**register reading** falling within the **consumption period** to the final day of the **consumption period**

$B_2$  is the sum of the applicable **registered deemed profile** or **seasonal adjustment daily shape values** for the relevant **gas gate** for the same time period as is covered by  $GJ_{P2}$ .

35.2.3 To avoid doubt, where  $B$ ,  $B_1$  or  $B_2$  in the formulae in rules 35.2.1 or 35.2.2 is zero, the respective value  $A / B$ ,  $A_1 / B_1$  or  $A_2 / B_2$  is deemed to be zero for the purposes of those rules:

**35.3** If a **retailer** is preparing a historic estimate in accordance with rule 35.1.2 and the **seasonal adjustment daily shape values** for the relevant **gas gate** are not available for the **consumption period**, the **retailer** must use the methodology set out in rule 35.2.1 and 35.2.2 (as applicable) but the **seasonal adjustment daily shape values** may be substituted by the **retailer** using its own seasonal shape methodology or pro-rated on a flat shape basis using the number of days.

## **36. Forward estimates**

**36.1** A **retailer** may only use a forward estimate to calculate the consumption information for a **consumer installation** in **allocation groups** 3 to 6 where it is not possible to calculate that consumption information using a historic estimate.

**36.2** A **retailer** may determine the method used for calculating a forward estimate at its discretion.

## **37. Accuracy of consumption information for initial allocation**

**37.1** This rule applies to consumption information at a **gas gate** provided to the **allocation agent** for **consumer installations** in **allocation groups** 3 to 6 in respect of a **consumption period**.

**37.2** For a **consumption period**, the accuracy of the consumption information provided by a **retailer** under rule 31 for **initial allocation** must, when compared with the consumption information provided by that retailer under rule 33 for **final allocation**, fall within the percentage of error determined and **published** by the **industry body** under rule 37.3.

**37.3** Prior to the beginning of each **gas year**, the **industry body** must, after consulting with **allocation participants**, determine and **publish** the percentage of error for the accuracy of the consumption information provided for **initial allocation** to be applied to the **consumption periods** in the following **gas year** in accordance with rule 37.2.

**37.4** In making its determination under rule 37.3, the **industry body** must have regard to the following matters:

**37.4.1** The primary aim of ensuring consumption information provided for **initial allocation** is as accurate as possible when compared with consumption information provided for **final allocation**;

- 37.4.2 The extent to which **retailers** are able to comply with the percentage of error for the accuracy of consumption information provided for **initial allocation**;
- 37.4.3 Any expected costs that would be reasonably incurred by **retailers** to achieve compliance with the percentage of error for the accuracy of consumption information provided for **initial allocation**; and
- 37.4.4 Any other matter it considers relevant to its determination.

**38. Application of deemed profiles**

- 38.1 In accordance with rules 35 and 36, a **registered deemed profile**, being either a **static deemed profile** or a **dynamic deemed profile**, must be used by each **retailer** to calculate daily consumption information for every **consumer installation** in **allocation group 3** or **5**.
- 38.2 A **retailer** may only use a **static deemed profile** or a **dynamic deemed profile** in relation to a **consumer installation** or class of **consumer installations** if that profile is a **registered deemed profile** (where it has been approved by the **allocation agent** and has been registered for use by the **retailer** under Part 3 of these **rules**) in relation to that **consumer installation** or class of **consumer installations**.
- 38.3 If a **retailer** wishes to use a different deemed profile for a **consumer installation** to that previously used for the provision of consumption information under rules 31 to 33 to the **allocation agent**, the **retailer** must have that deemed profile registered as a **registered deemed profile** by the **allocation agent** in accordance with rule 59 before it may use that different deemed profile.

**39. Retailer to give gas gate trading notice to allocation agent**

- 39.1 A **retailer** must give notice to the **allocation agent** when the **retailer** –
  - 39.1.1 Commences to supply gas to a **consumer installation** at a **gas gate** at which it has not previously supplied gas; or
  - 39.1.2 Ceases to supply gas to any **consumer installations** at a **gas gate**; or
  - 39.1.3 Ceases or commences a transmission services agreement with a transmission system owner in respect of gas supplied at a gas gate.
- 39.2 The notice must –
  - 39.2.1 Identify the **gas gate**; **and**
  - 39.2.2 Specify either –
    - (a) the date on which the **retailer** first supplied gas at that **gas gate**; or
    - (b) the date on which the **retailer** ceased to supply gas at that **gas gate**; and

(c) where rule 39.1.3 applies:

- (i) the contract identifier of the transmission services agreement;
- (ii) the gas gates and consumer installations to which the transmission services agreement relates; and
- (iii) the dates on which the transmission services agreement commenced and expires;

**39.2.3** Be given no later than 1200 hours on the final 3<sup>rd</sup> business day of the month following the consumption period in which the acts specified in rules 39.1.1 and 39.1.2, as applicable, occur.

#### **40. Retailer reporting requirements**

Each **retailer** must provide the following reports to the **allocation agent** –

**40.1** ~~When providing consumption information under rules 31, 32 and 33, By 0800 hours on the 1<sup>st</sup> business day of each month a report on the~~ proportion (in terms of volume) of historic estimates contained within the consumption information provided by the **retailer** to the **allocation agent** for the ~~previous relevant initial, interim and final allocation~~ in accordance with rules 31 to 33 for each **gas gate** for **consumer installations** in **allocation groups** 3 to 6.

**40.2** By 1200 hours on the 10<sup>th</sup> **business day** of ~~each month, October in each gas year~~ a report on the number and percentage of **validated register readings** obtained in accordance with rule 29.4.3 and 29.5 during the previous ~~four and twelve months, respectively gas year~~.

*Transmission system owner obligations*

#### **41. Provision of daily injection information**

**41.1** Every **transmission system owner** must provide to the **allocation agent** by ~~081200~~ hours on the 4<sup>th</sup> **business day** of the month that immediately follows a **consumption period** the actual daily energy quantities injected at each **gas gate** connected to its transmission system for that **consumption period**.

**41.2** To account for any changes in actual daily energy quantities injected at a gas gate, for each interim allocation and final allocation, every transmission system owner must provide to the allocation agent, by the times and on the days specified in rule 32 and 33 respectively, actual daily energy quantities injected at a gas gate connected to its transmission system for the relevant consumption period,

#### **42. Publication of estimated day-end volume injection quantities each day**

By 1000 hours each day and at any other time on that day as required and notified by the **industry body**, for each **gas gate** connected to its transmission system, a



**transmission system owner** must give notice to each **retailer** receiving gas at a particular **gas gate** of the ~~estimated-unvalidated~~ daily energy quantities that were injected on the previous day at that **gas gate**.

*Allocation agent obligations*

**43. Allocation agent to use estimates**

**43.1** For the purpose of performing allocations under these **rules**, the **allocation agent** must estimate:

**43.1.1** The consumption information if a **retailer** has failed to provide the consumption information for the relevant allocation by the times and on the days specified in rules 31 to 33; and

**43.1.2** The actual daily energy quantities if a **transmission system owner** has failed to provide the actual daily energy quantities for the relevant allocation by the times and on the days specified in rule 41.

**43.2** If, in accordance with rule 43.1, 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**.

**43.3** For the purposes of rules 45, 46, ~~53~~ and 79, any references to “actual daily energy quantities” and “consumption information” in those rules include any necessary estimates by the **allocation agent** of such quantities or information made in accordance with this rule.

**44. Correction of allocations by allocation agent**

**44.1** Where an **allocation participant** discovers that:

~~**44.1.1** consumption information previously provided to the allocation agent under rules 31, 32 or 33; or~~

~~**44.1.2** actual daily energy quantities injected at a gas gate previously provided to the allocation agent under rule 41;~~

~~**previously provided to the allocation agent in respect of a gas gate** included a material error, the **allocation participant** must immediately advise the **allocation agent** of the nature and extent of the error and provide the corrected consumption information or actual daily energy quantities.~~

**44.2** Subject to rules 44.3 and 44.4, adjustments reflecting the correction of errors are to be included in the next allocation, being either an **interim** or **final allocation**, for that **consumption period**.

**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**.

**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:

**44.4.1** The **allocation agent** shall as soon as practicable pass the relevant information on to the appropriate **allocation participants** and the **industry body**; and

**44.4.2** The **industry body** must consider whether or not to direct a **special allocation** in accordance with rule 51 to rectify the error.

**44.5** Where any part of the **metering equipment** installed at a **consumer installation** is found to be in error, quantities measured during the period when the device is shown to have been in error are to be corrected in accordance with the Schedule to these **rules**. If no reliable data is available to confirm the period when the device was in error or the amount by which it was in error:

**44.5.1** Where the device concerned is a **TOU meter** installed at a **consumer installation** in **allocation group 1** or **2**, the **allocation agent** must estimate the expected period of the error based on the best available information; and

**44.5.2** For any other device, the **responsible retailer** must estimate the expected period of the error based on the best available information;

provided the estimated correction cannot extend back further than 13 months from when the error was first notified or detected.

#### **45. Global method of allocation**

**45.1** For the purposes of these **rules**, a **gas gate residual profile** means a profile that is created each month by the **allocation agent** in accordance with rule 45.2.5 as part of the allocation process.

**45.2** The **allocation agent** must use the following global method of allocation in order to conduct an **initial allocation**, an **interim allocation**, and a **final allocation**:

**45.2.1** Receive the actual daily energy quantities injected at each **gas gate** for each day for that **consumption period** provided by **transmission system owners** in accordance with rule 41;

**45.2.2** Receive the consumption information for each day for that **consumption period** provided by **retailers** in accordance with rules 31 to 33;

**45.2.3** Calculate the allocated quantities for each day in the **consumption period** for **allocation groups 1** and **2** for each **gas gate** and **retailer** in accordance with the following formula:

$$AQ_{1\&2} = A_{UFG} \times CI_{1\&2}$$

Where:



$AQ_{1\&2}$  is the quantity of gas in **GJ** to be allocated to **allocation groups 1 and 2** for the day

$A_{UFG}$  is the applicable **annual UFG factor** calculated in accordance with rule 46

$CI_{1\&2}$  is the **consumption information for allocation groups 1 and 2** for the day in **GJ** provided in accordance with rules 31 to 33;

**45.2.4** Calculate the allocated quantities for each day in the **consumption period** for **allocation groups 3 and 5** for each **gas gate** and **retailer** in accordance with the following formula:

$$AQ_{3\&5} = M_{UFG} \times CI_{3\&5}$$

Where:

$AQ_{3\&5}$  is the quantity of gas in **GJ** to be allocated to **allocation groups 3 and 5** for the day

$M_{UFG}$  is the applicable **monthly UFG factor** calculated in accordance with rule 46

$CI_{3\&5}$  is the **consumption information for allocation groups 3 and 5** for the day in **GJ** provided in accordance with rules 31 to 33;

**45.2.5** Calculate the **gas gate residual profile** for the **consumption period** for each **gas gate** in accordance with the following formula:

$$GRP_P = GRP_{d(1)}, GRP_{d(2)}, GRP_{d(3)}, GRP_{d(4)} \dots GRP_{d(\text{final})}$$

Where:

$GRP_P$  is the **gas gate residual profile** for the **consumption period**

$GRP_{d(1,2\dots\text{final})}$  is the **gas gate residual profile** quantity in **GJ** for a day in the **consumption period**, being  $EI_d - AQ_{1, 2, 3 \& 5}$  where:

$EI_d$  is the actual daily energy injection quantity in **GJ** provided by **transmission system owners** in accordance with rule 41 for the day

$AQ_{1, 2, 3 \& 5}$  is the sum of the daily allocated quantities for **allocation groups 1, 2, 3 and 5** for the day in **GJ** as calculated in accordance with rules 45.2.3 and 45.2.4;

provided that, where  $GRP_{d(1,2\dots\text{final})}$  is less than zero, the value  $GRP_{d(1,2\dots\text{final})}$  is deemed to be zero for the purpose of these Rules.

**45.2.6** Calculate the allocated quantities for each day in the **consumption period** for **allocation groups** 4 and 6 for each **gas gate** and **retailer** in accordance with the following formula:

$$AQ_{4 \& 6} = (M_{UFG} \times \sum CI_{4 \& 6}) \times (GRP_{d(1,2...final)} / \sum GRP_{d(1,2...final)})$$

Where:

$AQ_{4 \& 6}$  is the quantity of gas in **GJ** to be allocated to **allocation groups** 4 and 6 for the day

$M_{UFG}$  is the applicable **monthly UFG factor** calculated in accordance with rule 46

$\sum CI_{4 \& 6}$  is the sum of the **consumption information** for **allocation groups** 4 and 6 for the **consumption period** in **GJ** provided in accordance with rules 31 to 33

$GRP_{d(1,2...final)}$  is the **gas gate residual profile** quantity for a day in the **consumption period** in **GJ** as per rule 45.2.5

$\sum GRP_{d(1,2...final)}$  is the sum of the **gas gate residual profile** daily quantities for the **consumption period** in **GJ**;

(To avoid doubt, where  $\sum GRP_{d(1,2...final)}$  is zero, the value  $GRP_{d(1,2...final)} / \sum GRP_{d(1,2...final)}$  is deemed to be zero for the purposes of this rule)

**45.2.7** Subject to subclause (c) below, where following the application of rules 45.2.3 to 45.2.6 above:

- (a) any residual unallocated quantities remain at a **gas gate** for the day; or
- (b) the total allocated quantities at a **gas gate** exceed the actual daily energy quantity injected at the **gas gate** in **GJ** provided under rule 41 for the day;

the allocated quantities for each **allocation group** for each **gas gate** and **retailer** are to be scaled in accordance with the following formula:

$$SAQ_{1-6} = AQ_{1-6} + [(EI_d - \sum AQ_{1-6}) \times (AQ_{1-6} / \sum AQ_{1-6})]$$

Where:

$SAQ_{1-6}$  is the scaled quantity of gas in **GJ** to be allocated to **allocation group** 1, 2, 3, 4, 5 or 6 for the day

$AQ_{1-6}$  is the allocated quantity for **allocation group** 1, 2, 3, 4, 5 or 6 for the day in **GJ** as calculated in accordance with rules 45.2.3, 45.2.4 and 45.2.6

$EI_d$  is the actual daily energy injection quantity in **GJ** provided by **transmission system owners** in accordance with rule 41 for the day

$\sum AQ_{1-6}$  is the sum of the allocated quantities for allocation groups 1, 2, 3, 4, 5 and 6 for the day in GJ as calculated in accordance with rules 45.2.3, 45.2.4 and 45.2.6

(c) Where:

(i)  $\sum AQ_{1-6}$  is zero but  $EI_d$  is greater than zero; and

(ii) one or more retailers are supplying gas to a consumer installation at the relevant gas gate, as determined by the gas gate trading notices that have been provided to the allocation agent under rule 39,

calculate the allocated quantities for each allocation group by gas gate and retailer in accordance with the formulae set out in Schedule 2.

45.2.745.2.8 Aggregate for each retailer (including by that retailer's transmission services agreement), for each gas gate and for each day, the allocated quantities for each allocation group to produce total allocated quantities by retailer by gas gate.

#### 46. Calculation of UFG factor

46.1 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.

46.2 The allocation agent must apply in accordance with rule 45 –

46.2.1 The annual UFG factor to allocation groups 1 and 2; and

46.2.2 The monthly UFG factor to allocation groups 3, 4, 5 and 6.

46.3 For the purposes of these rules –

46.3.1 The annual UFG factor means the factor determined in accordance with the following formula:

$$A_{UFG} = \sum EI_A / \sum CI_A$$

Where:

$A_{UFG}$  is the applicable annual UFG factor for the gas gate for the consumption period

$\sum EI_A$  is the sum of the actual daily energy quantities injected for a particular gas gate during the 12-months up to and including February of the previous gas year (in GJ)

$\sum CI_A$  is the sum of the best available consumption information for all allocation groups for the gas gate during

the 12-months up to and including February of the previous **gas year** (in **GJ**).

**46.3.2** The **monthly UFG factor** means the factor determined in accordance with the following formula:

$$M_{\text{UFG}} = (\sum EI_m - \sum AQ_{1 \& 2}) / \sum CI_{3-6}$$

Where:

$M_{\text{UFG}}$  is the applicable **monthly UFG factor** for the **gas gate** for the **consumption period**

$\sum EI_m$  is the sum of the actual daily energy quantities injected at a particular **gas gate** for the **consumption period** provided by the **transmission system owner** under rule 41 (in **GJ**)

$\sum AQ_{1 \& 2}$  is the sum of daily allocated quantities of gas allocated to **allocation groups** 1 and 2 for the **gas gate** for the **consumption period** under rule 45.2.3 (in **GJ**)

$\sum CI_{3-6}$  is the sum of the consumption information for **allocation groups** 3, 4, 5 and 6 for the **gas gate** for the **consumption period** provided in accordance with rules 31 to 33 (in **GJ**).

**46.4** The **allocation agent** must determine and **publish**:

**46.4.1** The **monthly UFG factor** which applies for each month –

- (a) for **initial allocations** by ~~08~~1200 hours on the 5<sup>th</sup> **business day** of each month;
- (b) for **interim allocations** by 0800 hours on the 11<sup>th</sup> **business day** of each month;
- (c) for **final allocations** by 0800 hours on the 16<sup>th</sup> **business day** of each month; and

**46.4.2** The **annual UFG factor** which will apply for each **gas year** by the 1<sup>st</sup> **business day** of July in the previous **gas year**.

**47. Force majeure event during consumption period**

**47.1** In this rule, **force majeure event** means an event or circumstance:

**47.1.1** Beyond the reasonable control of an **allocation participant** and that was not reasonably foreseeable in the circumstances; and

**47.1.2** Which substantially affects the information relied on to determine the **annual UFG factor** in rule 46 so that it no longer

will result in a fair and representative calculation of the **annual UFG factor** for a particular **gas gate**.

**47.2** No later than 10 **business days** prior to determining and **publishing** the **annual UFG factor** in accordance with rule 46.4.2, the **allocation agent** may give **notice** to the **industry body** that it considers that a **force majeure event** has occurred.

**47.3** As soon as practicable after receiving such notice and after consulting with affected **allocation participants** to the extent reasonably practicable in the time available:

**47.3.1** The **industry body** must determine an **annual UFG factor** which it considers will result in a fair and representative calculation of the **annual UFG factor** for that **gas gate** for the **gas year** and give **notice** to the **allocation agent** of that determination; and

**47.3.2** The **allocation agent** must **publish** the **annual UFG factor** determined in accordance with rule 47.3.1 and include a notation that the **annual UFG factor** has been determined by the **industry body** under that rule.

#### **48. Initial allocation**

**48.1** For the purposes of these **rules**, an **initial allocation** means, in relation to a **gas gate**, the allocation of gas quantities in accordance with rule 45 in the month immediately after the relevant **consumption period**.

**48.2** By 081200 hours on the 5<sup>th</sup> **business day** of each month, the **allocation agent** must –

**48.2.1** Perform the **initial allocation** with respect to each **gas gate**;  
~~and~~

**48.2.2** Provide the following reports to each **retailer**:

(a) a report setting out the quantities of gas allocated to that **retailer** at each **gas gate** for the previous month; and

(b) a report of the **gas gate residual profile** calculated during the **initial allocation**; ~~and~~

**48.2.3** Provide the report specified in rule 48.2.2(a) to the transmission system owner who provided the actual daily energy quantities injected at that **gas gate** to the **allocation agent** under rule 41.

#### **49. Interim allocation**

**49.1** For the purposes of these **rules**, an **interim allocation** means, in relation to a **gas gate**, the allocation of gas quantities in accordance with rule 45 in the month that is 4 months after the relevant **consumption period**.

49.2 By 0800 hours on the 11<sup>th</sup> **business day** of each month, the **allocation agent** must –

49.2.1 Perform the **interim allocation** with respect to each **gas gate**; ~~and~~

49.2.2 Provide the following reports to each **retailer**:

- (a) a report setting out the quantities of gas allocated to that **retailer** at each **gas gate** for the month that is the subject of the **interim allocation**; and
- (b) a report of the revised **gas gate residual profile** calculated during the **interim allocation**; ~~and~~

49.2.3 Provide the report specified in rule 49.2.2(a) to the transmission system owner who provided the actual daily energy quantities injected at that gas gate to the allocation agent under rule 41.

## 50. Final allocation

50.1 For the purposes of these **rules**, a **final allocation** means, in relation to a **gas gate**, the allocation of gas quantities in accordance with rule 45 in the month that is 13 months after the relevant **consumption period**.

50.2 By 0800 hours on the 16<sup>th</sup> **business day** of each month, the **allocation agent** must –

50.2.1 Perform the **final allocation** with respect to each **gas gate**; ~~and~~

50.2.2 Provide the following reports to each **retailer**:

- (a) a report setting out the quantities of gas allocated to that **retailer** at each **gas gate** for the month that is the subject of the **final allocation**; and
- (b) a report of the revised **gas gate residual profile** calculated during the **final allocation**; ~~and~~

50.2.3 Provide the report specified in rule 50.2.2(a) to the transmission system owner who provided the actual daily energy quantities injected at that gas gate to the allocation agent under rule 41.

## 51. Special allocation

51.1 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 an **initial allocation**, an **interim allocation**, or a **final allocation** for that same **consumption period**.

51.2 Before the **industry body** makes a request under rule 51.1 –

**51.2.1** The **industry body** must be of the opinion that the current allocation information or **allocation results** are sufficiently unfair that it is not appropriate to wait until the next (if any) scheduled **interim allocation** or **final allocation** is performed; and

**51.2.2** The **industry body** must balance the unfairness of the current allocation information or **allocation results** against any commercial reasons for retaining the current **allocation results**.

**51.3** Subject to rule 51.1 and 51.2, the **industry body** may determine any specific procedures that will apply to a **special allocation**.

## **52. Annual reconciliation**

**52.1** The purpose of an **annual reconciliation** is to verify, on a monthly basis, the accuracy and completeness of ~~quantities billed to consumers when compared with~~ consumption information provided to the **allocation agent** for the previous 12 billing months against the quantities billed to consumers during that period.

**52.2** For the purposes of an **annual reconciliation**:

**52.2.1** Each **retailer** must, by 0800 hours on the 11<sup>th</sup> **business day** of each month, provide to the **allocation agent** the total quantities billed, by ~~gas gate and aggregated by invoice month, for, in~~ the previous billing invoice month.

**52.2.2** The **allocation agent** must, by 1700 hours on the 13<sup>th</sup> **business day** of each month, compare:

(a) the sum of the total quantities billed provided by each **retailer** for each **gas gate** in accordance with rule 52.2.1 for the ~~previous 12 billing 12~~ months up to and including the previous invoice month; with

(b) the sum of best available consumption information provided by each **retailer** for each **gas gate** in accordance with rules 31 to 33 for the 12 months prior to (but not including) the previous invoice month ~~previous 12 billing months~~.

**52.2.3** The **allocation agent** must **publish** the results of the comparison performed under rule 52.2.2 by 0800 hours on the 14<sup>th</sup> **business day** of each month.

**52.3** In this rule, any reference to –

**52.3.1** “invoice month” means the month in which the quantities billed were invoiced by the retailer to the consumer~~“previous billing month” or “previous 12 billing months”~~ refers to the month or 12 months, as applicable, prior to the previous consumption period; and

**52.3.2** “quantities billed” includes, for any particular period, the quantities of gas supplied by a **retailer** across **consumer installations** to consumers (or to the retailer itself), sourced



directly from the **retailer's** financial records, including quantities:

- (a) supplied through normal customer supply and billing arrangements (including vacant consumption);
- (b) supplied under sponsorship or promotion arrangements; and
- (c) supplied under any other arrangement;

and, to avoid doubt, may relate to gas supplied across one or more consumption periods.

### 53. Allocation agent reports

**53.1** ~~By 1200 hours on the 1<sup>st</sup> business day of each month,~~ No later than 1 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 **gas gate**.

**53.2** In respect of each **gas gate**, by no later than 1 business day after each initial allocation, interim allocation, final allocation or special allocation ~~0800 hours on the last business day of each month,~~ the **allocation agent** must **publish** the following reports for each allocation ~~initial allocation, interim allocation, final allocation or special allocation~~ performed in that month:

**53.2.1** The sum of the actual daily energy quantities injected at each **gas gate** for each of the relevant **consumption periods** as provided by the **transmission system owner** under rule 41 ~~(or, where necessary, estimated by the allocation agent in accordance with rule 43);~~ and

**53.2.2** The sum of the quantities of gas allocated to each **retailer** in the previous month, in respect of each of the relevant **consumption periods**, under rules 48 to 51; and

**53.2.3** The total amount of, and the percentage of, **UFG** at each **gas gate** for the previous month and previous 12-months.

**53.3** By 1200 hours on the 5<sup>th</sup> **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 **gas gate** to **retailers** and the **industry body** on the percentage of error in the accuracy between:

**53.3.1** 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

**53.3.2** 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**.



## Part 3

### Approval and Registration of deemed profiles

#### 54. Allocation agent to approve and register deemed profiles

54.1 The **allocation agent** must establish a register which records **static deemed profiles** and **dynamic deemed profiles** approved under these **rules** and which may be used by **retailers** for the purpose of providing consumption information to the **allocation agent** in relation to **consumer installations** in **allocations groups** 3 and 5 respectively.

54.2 The **allocation agent** must not **publish** the gas quantities making up a **registered deemed profile** on the register established under rule 54.1 except where it has received notice from the **industry body** to do so.

54.3 To avoid doubt, a registered deemed profile is both retailer and consumer installation, or class of consumer installations, specific in that no other retailer or consumer installations may register or use that registered deemed profile.

#### 55. Registration of static deemed profiles

55.1 For the purposes of these **rules**, a **static deemed profile** is a pre-determined estimate of daily gas quantities which is used to define the daily profile of consumption during a **consumption period** for the **consumer installation** or class of **consumer installations** to which it applies.

55.2 In order to register a **static deemed profile** for a **consumer installation** or class of **consumer installations**, the **retailer** must request that the **allocation agent** approve the **static deemed profile** and provide the following information to the **allocation agent**:

55.2.1 12 consecutive months of historic consumption information for that **consumer installation** or class of **consumer installations** and estimates of future variations in that information; or

55.2.2 In the absence of 12 consecutive months of historic consumption information –

(a) sample historic consumption information for that **consumer installation** or class of **consumer installations**, **consumer installation** operating information, 12-months of historic actual monthly consumption information, and estimated future variations; or

(b) an estimated consumption profile based on **consumer installation** operating information, 12-months of historic consumption information for that **consumer installation** or class of **consumer installations**, and estimated future variations; or

(c) an estimated consumption profile based on a daily consumption profile for a similar type of **consumer**

**installation** and available historic actual monthly consumption information; or

- (d) an estimated consumption profile based on **consumer installation** operating information or a daily consumption profile for a similar type of **consumer installation**; and
- (e) any other information that the **allocation agent** reasonably requests.

**55.3** The **allocation agent** must consider the information provided under rule 55.2 and determine whether the **static deemed profile** will be a reasonable representation of the actual consumption profile of the **consumer installation** or class of **consumer installations** to which it will apply.

**55.4** As soon as practicable, and no later than 20 **business days**, after receiving a request for approval, the **allocation agent** must make its determination under rule 55.3 and notify the **retailer** of its determination. The **allocation agent** must either accept or reject the registration of the **static deemed profile**.

## **56. Registration of dynamic deemed profiles**

**56.1** For the purposes of these **rules**, a **dynamic deemed profile** is a consumption profile that changes in accordance with information obtained from **TOU meters** installed at one or more sample **consumer installations** that are representative of the daily consumption profile of the **consumer installation** or class of **consumer installations** to which it is applied.

**56.2** In order to register a **dynamic deemed profile** for a **consumer installation** or class of **consumer installations**, the **retailer** must request that the **allocation agent** approve the **dynamic deemed profile** and provide the following information to the **allocation agent**:

**56.2.1** Consumption information obtained during the **consumption period** from a **TOU meter** installed at the sample **consumer installation** or **consumer installations**, as the case may be, that will provide the basis of the **dynamic deemed profile**; and

**56.2.2** Sufficient detail of the **consumer installations** or class of **consumer installations** to which the **dynamic deemed profile** will apply to enable the **allocation agent** to verify that the **dynamic deemed profile** is appropriate for that **consumer installation** or class of **consumer installations**; and

**56.2.3** Any other information reasonably requested by the **allocation agent**.

**56.3** The **allocation agent** must consider the information provided under rule 56.2 and determine whether the **dynamic deemed profile** will be a reasonable representation of the actual consumption profile of the **consumer installation** or class of **consumer installations** to which it will apply.

**56.4** As soon as practicable, and no later than 20 **business days**, after receiving a request for approval, the **allocation agent** must make its determination under rule 56.3 and notify the **retailer** in writing of its determination. The **allocation agent** must either accept or reject the registration of the **dynamic deemed profile**.

**57. Notification of change or error**

**57.1** A **retailer** with a **registered deemed profile** under these **rules** must notify the **allocation agent** of any error or change in any circumstances material to the registration or continuing registration of its deemed profile as soon as practicable after it has become aware of that error or change.

**58. Allocation agent review of registered deemed profiles**

**58.1** The **allocation agent** may review a **registered deemed profile** at its discretion.

**58.2** Where the **allocation agent** intends to carry out a review under rule 58.1, it must notify the **retailer** with the **registered deemed profile** of the review.

**58.3** In order to enable the **allocation agent** to carry out a review under rule 58.1, the **retailer** must provide the information referred to in rule 55.2 or rule 56.2, as applicable, within 10 **business days** of receiving notice of the review.

**58.4** The **allocation agent** must consider the information provided under rule 58.3 and determine whether the **registered deemed profile** continues to be a reasonable representation of the actual consumption profile of the **consumer installation** or class of **consumer installations** to which it applies.

**58.5** As soon as practicable, and no later than 30 **business days**, after giving notice under rule 58.2, the **allocation agent** must make its determination under rule 58.4 and notify the **retailer** of its determination. The **allocation agent** must either:

**58.5.1** Continue the registration of the **registered deemed profile** if it determines the profile continues to be a reasonable representation of the actual consumption profile of the **consumer installation** or class of **consumer installations** to which it applies; or

**58.5.2** Remove, in accordance with rule 62, the **registered deemed profile** from the register if it determines that the profile no longer continues to be a reasonable representation of the actual consumption profile of the **consumer installation** or class of **consumer installations** to which it applies.

**59. Retailers may request review of their registered deemed profiles**

**59.1** Any **retailer** with a **registered deemed profile** (whether it is a **static deemed profile** or a **dynamic deemed profile**) may, by notice, request the **allocation agent** to review and:

**59.1.1** Amend that **registered deemed profile**; or

**59.1.2** Amend the characteristics of the **consumer installation** or class of **consumer installations** to which it applies.

**59.2** In order to enable the **allocation agent** to carry out a review under rule 59.3, the **retailer** must provide the information referred to in rule 55.2 or rule 56.2, as applicable.

**59.3** The **allocation agent** must consider the information provided under rule 59.2 and determine whether, if amended as requested by the **retailer**, the **registered deemed profile** is a reasonable representation of the actual consumption profile of the **consumer installation** or class of **consumer installations** to which it applies.

**59.4** As soon as practicable, and no later than 20 **business days**, after receiving a request under rule 59.1, the **allocation agent** must make its determination under rule 59.3 and notify the **retailer** of its determination. The **allocation agent** must either accept or reject the amendment to the **registered deemed profile**.

**60. Allocation participants may challenge registered deemed profiles**

**60.1** Any **allocation participant** may challenge, by notice to the **allocation agent**, the use by a **retailer** of a **registered deemed profile** in respect of a **consumer installation** or class of **consumer installations**.

**60.2** The **allocation participant** must include in the notice given under rule 60.1 the reasons for the challenge and any information available to it relating to the challenge of the **registered deemed profile**.

**60.3** The **allocation agent** must provide the **allocation participant**, whose **registered deemed profile** is being challenged, the opportunity to:

**60.3.1** Respond to a notice given under rule 60.1; and

**60.3.2** Provide reasons and information as to why the **registered deemed profile** continues to be a reasonable representation of the actual consumption profile of the **consumer installation** or class of **consumer installations** to which it applies.

**60.4** The **allocation agent** must consider the information provided under rules 60.2 and 60.3 and determine whether the **registered deemed profile** continues to be a reasonable representation of the actual consumption profile of the **consumer installation** or class of **consumer installations** to which it applies.

**60.5** The **allocation agent** must make its determination within 30 **business days** of receiving the notice under rule 60.1 and notify all affected **allocation participants** of its determination.

**61. Guidelines for determinations on profiles**

- 61.1** As soon as practicable after this rule comes into force, the **industry body** shall, after consultation with **allocation participants**, develop and **publish** guidelines to assist the determination of whether a **static deemed profile** or **dynamic deemed profile** is, or continues to be, a reasonable representation of the actual consumption profile of the **consumer installation** or class of **consumer installations** to which it applies.
- 61.2** In making a determination under this Part 3 of the **rules**, the **allocation agent** must take into account any guidelines developed by the **industry body** under rule 61.1.

**62. Removal of registered deemed profile from register**

- 62.1** If the **allocation agent** determines under rule 58.5 or 60.4 that a **registered deemed profile** no longer continues to be a reasonable representation of the actual consumption profile of the **consumer installation** or class of **consumer installations** to which it applies, the **allocation agent** must:

**62.1.1** Remove the **registered deemed profile** from the register; and

**62.1.2** Advise the **retailer** which registered the deemed profile of the date on which the deemed profile was removed from the register.

- 62.2** If a **registered deemed profile** has not been reviewed under rule 58 or 59 or challenged under rule 60 for a period of 5 years or longer, the **allocation agent** must:

**62.2.1** Remove the **registered deemed profile** from the register; and

**62.2.2** Advise the **retailer** which registered the deemed profile of the date on which the deemed profile was removed from the register.

- 62.3** If a **consumer installation** or class of **consumer installations**, to which a **registered deemed profile** applies, switches to a new **retailer** so that the **retailer** who registered the deemed profile is no longer the **responsible retailer** for that **consumer installation** or class of **consumer installations**:

**62.3.1** The **retailer** which registered the deemed profile must as soon as practicable advise the **allocation agent** of that fact;

**62.3.2** The **allocation agent** must remove the **registered deemed profile** from the register; and

**62.3.3** The **allocation agent** must advise the **retailer** which registered the deemed profile of the date on which the deemed profile was removed from the register.

### 63. Costs of deemed profile registration

- 63.1** The **retailer** which requests approval of a deemed profile under **rules 55.2 or 56.2** must pay to the **allocation agent** the actual and reasonable costs of considering the request and, where applicable, registering the deemed profile.
- 63.2** In relation to meeting the costs of the **allocation agent** for reviewing a **registered deemed profile** under rule 58 or 59, the **retailer** whose **registered deemed profile** was reviewed must pay to the **allocation agent** the actual and reasonable costs of the review.
- 63.3** In relation to meeting the costs of the **allocation agent** for considering a challenge to the use of a **registered deemed profile** under rule 60 –
- 63.3.1** The **allocation participant** that made the challenge must pay to the **allocation agent** the actual and reasonable costs of the **allocation agent** if the **allocation agent** determines that the **registered deemed profile** is a reasonable representation of the actual consumption profile of the **consumer installation** or class of **consumer installations** to which it applies; and
- 63.3.2** The **retailer** whose **registered deemed profile** was challenged must pay to the **allocation agent** the actual and reasonable costs of the **allocation agent** if the **allocation agent** determines that the **registered deemed profile** should be removed from the register.

### 64. Referral to industry body

- 64.1** Where a **retailer** disputes a determination made by the **allocation agent** under this Part 3 of the **rules**, the **retailer** may by notice in writing refer the matter to the **industry body** for review.
- 64.2** As soon as practicable and no later than 20 **business days** after receiving notice under rule 64.1, the **industry body** must review the **allocation agent's** determination having regard to the requirements of rules 55 to 62, as applicable, and either:
- 64.2.1** confirm the **allocation agent's** determination; or
- 64.2.2** refer the matter back to the **allocation agent** for reconsideration.
- 64.3** To avoid doubt, rule 64.1 does not apply where the **industry body** has previously referred the matter back to the **allocation agent** for reconsideration.

## Part 4

### Audits

#### 65. Industry body to commission performance audits

65.1 The **industry body** must arrange at regular intervals performance audits of the **allocation agent** and **allocation participants**.

65.2 The purpose of a performance audit under this rule is to assess in relation to the **allocation agent** or an **allocation participant**, as the case may be, –

65.2.1 The performance of the **allocation agent** or that **allocation participant** in terms of compliance with these **rules**; and

65.2.2 The systems and processes of the **allocation agent** or that **allocation participant** that have been put in place to enable compliance with these **rules**.

65.3 The **industry body** in its sole discretion will determine –

65.3.1 When a performance audit under this rule is to be conducted;

65.3.2 The person who is to be audited;

65.3.3 Subject to rule 68, who will be appointed as the auditor; and

65.3.4 Any terms and conditions for the performance audit.

#### 66. Industry body may commission event audits

66.1 In addition to performance audits under rule 65, the **industry body** may cause to be conducted at any time an event audit of the **allocation agent**, **allocation participants** or allocation processes in respect of one or more **gas gates**.

66.2 The purpose of an event audit under this rule is to ascertain the cause or causes of any particular issue or event that has arisen in relation to the allocation of gas under these **rules**.

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.

66.4 If the **industry body** receives a request under rule 66.3, the **industry body** must, in its sole discretion, decide whether to grant or refuse the request. However, the **industry body** must not grant a request that, in the opinion of the **industry body**, is frivolous or vexatious or is not made in good faith.

#### 67. Time restriction on audit material

In conducting an audit under rule 65 or 66, the auditor must not consider any action, circumstance, event, or inaction that occurred 30 months or more before the date the audit was requested by the **industry body**.



**68. Who may be appointed as an auditor**

- 68.1** In appointing an auditor, the **industry body** must appoint a person who is independent to and not in a position of conflict of interest with the **allocation agent** or the **allocation participant(s)**, as the case may be, that are to be audited.
- 68.2** No officer or employee of the **industry body** may be appointed as an auditor.
- 68.3** The person or persons that are to be the subject of the audit may recommend one or more auditors for the **industry body's** consideration.

**69. Provision of information to auditor**

- 69.1** In conducting an audit under rule 65 or 66, the auditor may:
- 69.1.1** Request any information from the **allocation agent**, the **industry body** and any **allocation participant**; and
- 69.1.2** Request to examine any processes, systems and data of the **allocation agent** and any **allocation participant**, provided such processes, systems and data are directly relevant to the performance of the **allocation agent** or the **allocation participant** in terms of compliance with these **rules**.
- 69.2** Any request under rule 69.1 must be reasonable and strictly for the purposes of the audit.
- 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.
- 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.
- 69.5** For the purposes of this Part 4 of the **rules**, information is confidential if the **allocation participant** or the **allocation agent**, who either owns or holds the information, considers that the information is commercially sensitive.

**70. Auditor to prepare draft audit report**

- 70.1** The auditor must prepare, in writing, a draft audit report on the conclusions reached and recommendations formulated as a result of conducting an audit under rule 65 or 66.
- 70.2** Subject to rule 72, the auditor must give a copy of the draft audit report to –
- 70.2.1** The person or persons that are the subject of the audit;
- 70.2.2** The **allocation agent**, if the **allocation agent** is not the subject of the audit;



**70.2.3** Any other **allocation participant** which the auditor considers has an interest in the report; and

**70.2.4** The **industry body**.

**70.3** In providing the draft audit report under rule 70.2, the persons referred to in that rule, and the **industry body**, have 10 **business days** from the date the report is received to provide the auditor with comments on the report.

## **71. Auditor to prepare final audit report**

**71.1** Before the auditor prepares a final audit report on the conclusions reached and recommendations formulated as a result of conducting an audit under rule 65 or 66, the auditor must take into account any comments received on the draft audit report.

**71.2** The final audit report must be in writing and, if so requested by the person or persons that are the subject of the audit, must include as an appendix any comments from that person or persons on the draft audit report.

**71.3** Subject to rule 72, the auditor must give a copy of the final audit report to –

**71.3.1** The person or persons that are the subject of the audit;

**71.3.2** The **allocation agent**, if the **allocation agent** is not the subject of the audit;

**71.3.3** Any other **allocation participant** which the auditor considers has a material interest in the report; and

**71.3.4** The **industry body**.

**71.4** Once the auditor has given a final audit report under this rule, the report may not be altered in any way.

## **72. Confidential information in audit reports**

**72.1** In providing a draft audit report or final audit report, the auditor must provide a complete version to the **industry body**.

**72.2** However, at the discretion of the **auditor**, the versions of the draft audit report and the final audit report provided to any other person or **published** under these **rules** may exclude any confidential information obtained in the conduct of the audit.

## **73. Publication of final audit reports**

Subject to rule 72, the **industry body** must **publish** all final audit reports.

## **74. Use of final audit reports**

To avoid doubt, a final audit report may be used –

- 74.1 For the purposes of the Gas Governance (Compliance) Regulations 2008;
- 74.2 For the purposes of considering any amendments to these **rules**;
- 74.3 By the **industry body**;
- 74.3.1 Under rule 51 in considering whether to request the **allocation agent** to perform a **special allocation**;
- 74.3.2 For the purpose of reviewing the performance of the **allocation agent** under the **allocation agent service provider agreement**;
- 74.3.3 For the purpose of reviewing the performance of an auditor; and
- 74.3.4 For any other purposes that it considers necessary.

## 75. Responsibility for audit costs

- 75.1 In relation to an audit under rule 65, the person that is being audited must pay the costs of the auditor.
- 75.2 In relation to an audit under rule 66, the following provisions apply:
  - 75.2.1 If the auditor concludes that a material issue has been raised in relation to compliance with these **rules**—
    - (a) the **allocation agent** or the **allocation participant** to which the material issue relates must pay the costs of the auditor, and if the material issue relates to more than one person, then each person must pay the costs of the auditor in such portions that reflect their contribution to that material issue as determined by the auditor; and
    - (b) ~~75.2.2~~ 75.2.2 ~~\_\_\_\_\_~~ if the auditor concludes that no material issue has been raised in relation to compliance with these **rules**, the costs of the auditor must be apportioned between such of the **allocation agent** and the **allocation participants**, as the case may be, as the **industry body** determines in its sole discretion.
- 75.3 For the purposes of this rule, the costs of the auditor are those costs that have been agreed between the **industry body** and the auditor.

## Part 5

### Transitional provisions

## 76. Treatment of allocations for consumption prior to go-live date

- 76.1 Any allocations for **consumption periods** occurring prior to the **go-live date** are to be completed in accordance with any existing allocation agreements and by the incumbent person appointed to carry out allocation and reconciliation functions under those agreements.

- 76.2** To avoid doubt, the **allocation agent's** functions under rules 52 and 53 do not apply to **consumption periods** occurring prior to the **go-live date**.

*Annual UFG factor during the transitional period*

**77. Transitional period**

In rules 78 to 81, **transitional period** means the period commencing on the **go-live date** and ending on 30 September 2010.

**78. Provision of information during transitional period**

- 78.1** Prior to or during the **transitional period**, the **allocation agent** may give notice to:

**78.1.1** A **retailer** requiring it to provide, to the extent possible in the circumstances, the **allocation agent** with the consumption information for a particular **gas gate** for the 12-months ending 30 September 2007 or ending 30 September 2008; and

**78.1.2** A **transmission system owner** requiring it to provide, to the extent possible in the circumstances, the **allocation agent** with the total energy quantities injected for a particular **gas gate** for the 12-months ending 30 September 2007 or ending 30 September 2008.

- 78.2** An **allocation participant** must comply with a notice issued under rule 78.1 within 10 **business days** of receiving such notice.

**78.3** Except where rule 79.2.3 applies, if any of the information or quantities requested under rule 78.1 are unavailable or are unable to be provided by those **allocation participants** in the circumstances, the **allocation agent** must estimate that information or those quantities for the particular **gas gate** in accordance with rule 43.

**79. Calculation and application of annual UFG factors during transitional period**

- 79.1** Despite anything in rules 45 and 46, when performing an **initial allocation**, an **interim allocation** or a **final allocation** for a **consumption period** that falls within the **transitional period**, the **allocation agent** must:

**79.1.1** Calculate the **annual UFG factor** for a particular **gas gate** in accordance with this rule; and

**79.1.2** For the purposes of rule 45.2.3, apply the **annual UFG factor** calculated in accordance with this rule.

- 79.2** Subject to rule 79.3, for the purposes of this rule, the **annual UFG factor** means –

**79.2.1** For gas consumed during the 12-months ended 30 September 2009, the factor determined in accordance with the following formula:

$$A_{UFG} = \sum EI_{t1} / \sum CI_{t1}$$

Where:

$A_{UFG}$  is the applicable **annual UFG factor** for the **gas gate** for the consumption period

$\sum EI_{t1}$  is the sum of the actual daily energy quantities injected for a particular **gas gate** for the 12-months ended 30 September 2007 (in **GJ**)

$\sum CI_{t1}$  is the sum of the best available consumption information for all **allocation groups** for the **gas gate** for the 12-months ended 30 September 2007 (in **GJ**).

**79.2.2** For gas consumed during the 12-months ended 30 September 2010, the factor determined in accordance with the following formula:

$$A_{UFG} = \sum EI_{t2} / \sum CI_{t2}$$

Where:

$A_{UFG}$  is the applicable **annual UFG factor** for the **gas gate** for the **consumption period**

$\sum EI_{t2}$  is the sum of the actual daily energy quantities injected for a particular **gas gate** for the 12-months ended 30 September 2008 (in **GJ**)

$\sum CI_{t2}$  is the sum of the best available consumption information for all **allocation groups** for the **gas gate** for the 12-months ended 30 September 2008 (in **GJ**).

**79.2.3** Where:

- (a) no actual daily energy quantities injected or no consumption information, during the periods specified in rules 79.2.1 or 79.2.2, exist for a **gas gate**; or
- (b) such quantities or information are so incomplete that the **allocation agent** considers it is unreasonable to estimate such quantities or information in accordance with rule 78.3;

the factor determined in accordance with the following formula:

$$A_{UFG} = \sum EI_{all} / \sum CI_{all}$$

Where:

$A_{UFG}$  is the applicable **annual UFG factor** for the **gas gate** for the consumption period

$\sum EI_{all}$  is the sum of the actual daily energy quantities injected for all **gas gates** (as calculated under rules 79.2.1 or 79.2.2) for the 12-months ended 30 September 2007 or 2008, as applicable (in **GJ**)

$\sum CI_{all}$  is the sum of the best available consumption information for all **allocation groups** for all **gas gates** (as calculated under rules 79.2.1 or 79.2.2) for the 12-months ended 30 September 2007 or 2008, as applicable (in **GJ**).

**79.3** Where the **annual UFG factor** calculated in accordance with rule 79.2:

**79.3.1** is less than 0.985, the **annual UFG factor** to be applied at that **gas gate** for the purposes of this rule is 0.985; or

**79.3.2** exceeds 1.035, the **annual UFG factor** to be applied at that **gas gate** for the purposes of this rule is 1.035.

**79.4** Despite anything in rule 46.4.2, during the **transitional period**, the **allocation agent** must determine and **publish** the **annual UFG factor** which will apply for gas consumed in the **gas year** beginning on –

**79.4.1** 1 October 2008 as soon as practicable after the date this rule comes into force and no later than 10 **business days** before the **go-live date**; and

**79.4.2** 1 October 2009 on the 1<sup>st</sup> **business day** of July 2009.

## **80. Industry body may commission event audit for capped gas gate**

**80.1** Where the **annual UFG factor** calculated in rule 79.2 for a particular **gas gate** would have been less than 0.985 or exceeded 1.035 but for rule 79.3:

**80.1.1** the **allocation agent** must as soon as practicable give notice to the **industry body**; and

**80.1.2** the **industry body** may commission an event audit under rule 66 to ascertain the cause or causes of the level of **UFG** at the **gas gate**.

**80.2** If the **industry body** commissions an event audit under rule 80.1.2, it must give notice of the event audit to all affected **allocation participants** at the **gas gate**.

## **81. Transitional exemption**

**81.1** Despite anything in rules 19 and 20 the **industry body** may, in its discretion and upon the terms and conditions (if any) that it thinks fit, exempt any **allocation participant**, class of **allocation participants**, **gas gate** or the **allocation agent** from complying with one or more of these **rules** during the **transitional period**.

**81.2** A transitional exemption applies for the period set out in the exemption and must set out alternative arrangements for complying with one or more of the **rules**.

- 81.3** The **industry body** may by notice require an **allocation participant** or the **allocation agent** to set out in detail any reasons why an exemption is needed, the period for which the exemption should be in effect, and what alternative arrangements should apply.
- 81.4** If the **industry body** is satisfied that a transitional exemption should be granted, the **industry body** may by notice grant the transitional exemption to the **allocation participant**, class of **allocation participants**, **gas gate** or the **allocation agent** which, in addition to stating the alternative arrangements that will apply, may be subject to such other conditions as the **industry body** thinks fit.
- 81.5** If the **industry body** grants a transitional exemption under rule 81.4. it must give notice of the transitional exemption to the **allocation participants** affected by the exemption and the **allocation agent**.

*ICP information during the pre-registry period*

## **82.Pre-registry period**

~~In rules 83 and 84, **pre-registry period** means the period commencing on the **go-live date** and ending on the go-live date specified and defined in rule 5 of the Gas (Switching Arrangements) Rules 2008.~~

## **83.Allocation participant obligations during pre-registry period**

~~For the purposes of rules 26, 28, 29 and 30, during the **pre-registry period**, the obligations on **allocation participants** set out in those rules apply but only to the extent those obligations are able to be complied with as a result of the application of rule 84.~~

## **84.Responsible retailer and associated information during the pre-registry period**

~~Despite anything else in these **rules**, during the **pre-registry period** the following rules apply:~~

~~**84.1Allocation group** means one of the **allocation groups** set out in rule 6.2 and to which each **consumer installation** is assigned in accordance with rule 29.~~

~~**84.2Responsible retailer** means, for a particular **ICP** or **consumer installation**:~~

~~**84.2.1**The **retailer** whose retailer code is shown on the **distributor's ICP** database for that **ICP** or **consumer installation** for all or part of a **consumption period**; or~~

~~**84.2.2**In the event of a dispute under rule 84.3, the **retailer** determined as the **responsible retailer** by the **allocation agent**.~~

~~**84.3**if an **allocation participant** disputes the retailer code shown on a **distributor's ICP** database, then:~~

~~**84.3.1**The **allocation participant** may give notice of that dispute to the **allocation agent**; and~~

~~84.3.2~~ No later than 20 **business days** after receiving such notice, the **allocation agent** must:

(a) determine who is the **responsible retailer** for the purposes of allocations under these **rules**, after having regard to the views (if any) of the affected **allocation participants** concerned; and

(b) give notice of its determination to the affected **allocation participants** concerned.

~~84.4~~ The **allocation agent** may require an **allocation participant** to provide to the **allocation agent** any information relevant to ascertaining who is the **responsible retailer** for an **ICP** or **consumer installation**, whether that information is held on the **distributor's** ICP database or otherwise.

~~84.5~~ For the purposes of rule 23.1:

~~84.5.1~~ The nominated office, postal address, facsimile number and electronic address of **retailers, distributors** and **meter owners** is the information provided to the **allocation agent** under rule 84.5.2; and

~~84.5.2~~ Prior to the **go-live date**, each **retailer, distributor** and **meter owner** must provide to the **allocation agent** its telephone number, physical address, facsimile number, email address, and postal address; and indicate whether they are a **retailer, distributor** or **meter owner**.

**Schedule 1**

**Metering errors**

Rule 44.5

<b>Metering error</b>	<b>Correction criteria</b>
<b>Minimum flow rate</b>	<b>Meters</b> are to be considered capable of measuring accurately down to the minimum flow rate for accurate measurement specified by the manufacturer, i.e. Qmin. While a <b>meter</b> will generally continue to register flow at flow rates less than Qmin, no corrections to volumes measured may be based on the performance of the <b>meter</b> at flows below Qmin if the <b>meter</b> was known to have been operating below Qmin. Any such corrections may only be applied if other suitable data is available.
<b>Meter equipment failure</b>	Where <b>metering equipment</b> has failed completely, the methods of calculating delivered volume, in order of preference, are: <ul style="list-style-type: none"> <li>• To use data from check metering;</li> <li>• To aggregate data from downstream <b>metering equipment</b> (with due allowance for <b>UFG</b> if applicable);</li> <li>• To estimate based on historical consumption data;</li> <li>• To estimate based on downstream consumer production figures.</li> </ul>
<b>Meter found to be in error</b>	If during as-found testing any test result is outside the allowable error limits, the <b>meter</b> is to be tagged to show that a correction may be required. The <b>meter</b> must not have its seals broken until such tests, as may be required, are completed. <p>If the in-service operating range of the <b>meter</b> is known (for example, from <b>TOU</b> data or otherwise), correction is to be based on the error or errors applicable to that range. Generally, a volume-weighted error, or the error-versus-flow relationship established from testing across the range is to be used to determine the correction.</p> <p>If the in-service operating range of the <b>meter</b> is not known, the correction is to be based on the arithmetic average of the errors found from tests performed as specified above, i.e. at Qmin, 20%, 50% and Qmax.</p>
<b>Corrector failure</b>	Where a <b>corrector</b> has failed completely, the corrected volume will be calculated from the uncorrected volume measured by the <b>meter</b> , using: <ul style="list-style-type: none"> <li>• An appropriate correction factor from a period when the <b>corrector</b> was functioning properly; or</li> <li>• Independent corrections for pressure and temperature and other factors (as applicable).</li> </ul>
<b>Corrector found to be in error</b>	<b>Correctors</b> generally operate within a narrow range in terms of correction factor, reading or output signal (as the case may be). If during as-found testing such instruments are found to be in error, corrections are to be based on adjustments for the difference between the as-found factor, reading or output and the normal or expected value of such factor, reading or output.
<b>TOU device or data logger failure</b>	Where a datalogger associated with a <b>TOU meter</b> fails, and daily quantity data is not available, the methods of determining a correction,



	<p>in order of preference, are:</p> <ul style="list-style-type: none"><li>• To distribute the total volume for the period over the days in the period by applying a typical profile from a corresponding prior period; and</li><li>• To use data from check metering where available.</li></ul>
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## Schedule 2

### Allocation in zero consumption situations

Rule 45.2.7

Where rule 45.2.7(c) applies, the allocated quantities for each allocation group for each gas gate and retailer are to be calculated in accordance with the following formulae:

1. If the retailers supplying gas to consumer installations at the gas gate during the consumption period being allocated are the same retailers who supplied gas to consumer installations at the gas gate during the previous consumption period:

$$AQ_{1-6} = EI_{d-} \times (PAQ_{1-6} / \Sigma PAQ_{1-6})$$

Where:

AQ<sub>1-6</sub> is the quantity of gas in GJ to be allocated to allocation group 1, 2, 3, 4, 5 or 6 for the day

EI<sub>d</sub> is the actual daily energy injection quantity in GJ provided by transmission system owners under rule 41 for the day

PAQ<sub>1-6</sub> is that retailer's average daily allocated quantity (in GJ) for the previous consumption period for that allocation group 1, 2, 3, 4, 5 or 6 for the day as calculated in accordance with rule 45 and reported under rule 48, 49, 50 or 51 (as applicable)

ΣPAQ<sub>1-6</sub> is the sum of all retailers' daily allocated quantities (in GJ) for the previous consumption period for allocation groups 1, 2, 3, 4, 5 and 6 for the day as calculated in accordance with rule 45 and reported under rule 48, 49, 50 or 51 (as applicable); or

2. If:

(a) one or more retailers commence supplying gas to a consumer installation at the gas gate (which it did not supply gas to during the previous consumption period) or one or more retailers cease supplying gas to any consumer installation at the gas gate during the consumption period being allocated; or

(b) the sum of all retailers' daily allocated quantities for the previous consumption period for allocation groups 1, 2, 3, 4, 5 and 6 for the day (ΣPAQ<sub>1-6</sub>) is zero;

$$AQ_{1-6} = EI_d / (N_R \times N_{AG})$$

Where:

AQ<sub>1-6</sub> is the quantity of gas in GJ to be allocated to allocation group 1, 2, 3, 4, 5 or 6 for the day

EI<sub>d</sub> is the actual daily energy injection quantity in GJ provided by transmission system owners under rule 41 for the day

N<sub>R</sub> is the number of retailers supplying gas to consumer installations at the gas gate for the consumption period being allocated, as determined by the gas gate trading notices that have been provided to the allocation agent under rule 39

$N_{AG}$  is the number of **allocation groups** for which the **retailer** has provided consumption information at the **gas gate** for the **consumption period** being allocated

3. To avoid doubt, in this Schedule:

- (a) the previous **consumption period** means the **consumption period** that is immediately prior to the **consumption period** that is being allocated; and
- (b) in subclause 1, where there was no allocation for a **retailer** in the previous **consumption period** for an **allocation group**, then that **retailer's** average daily allocation quantity for that **allocation group** ( $PAQ_{1-6}$ ) is zero.

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# Appendix B Template for Submissions

To assist Gas Industry Co in the orderly and efficient consideration of submitters’ responses, a suggested format for submissions has been prepared an electronic copy of which is available on our website. This is drawn from the questions posed throughout this Statement of Proposal. Submitters are also invited to include any other comments in their responses to this Statement of Proposal..

Name of organisation:

Contact person:

Email address:

Phone:

QUESTION	COMMENT
<p>Q1: <i>In relation to the proposal to amend rule 45 to reflect the existing allocation process and ensure that all gas quantities are allocated:</i></p> <ul style="list-style-type: none"> <li>• <i>Do you agree or disagree with the proposal? Please provide reasons.</i></li> <li>• <i>Do you have any comments on the specific drafting proposed?</i></li> <li>• <i>Do you agree or disagree that the proposal meets the requirements of section 43N(3) of the Act?</i></li> </ul>	
<p>Q2: <i>In regard to the proposal to amend rules 31, 41 and 48 so that injection and consumption information and allocation reports can be provided at 1200 hours rather than 0800 hours:</i></p> <ul style="list-style-type: none"> <li>• <i>Do you agree or disagree with the proposal? Please provide reasons.</i></li> <li>• <i>Do you have any comments on the specific drafting proposed?</i></li> <li>• <i>Do you agree or disagree that the proposal meets the requirements of section 43N(3) of the Act?</i></li> </ul>	

QUESTION	COMMENT
<p>Q3: <i>In regard to the proposal to amend rule 25 so that Gas Industry Co is able to give notice of file formats for additional information exchanges required by the Rules:</i></p> <ul style="list-style-type: none"> <li>• <i>Do you agree or disagree with the proposal? Please provide reasons.</i></li> <li>• <i>Do you have any comments on the specific drafting proposed?</i></li> <li>• <i>Do you agree or disagree that the proposal meets the requirements of section 43N(3) of the Act?</i></li> </ul>	
<p>Q4: <i>In regard to the proposal to include a new subclause 26.4 which will enable the allocation agent to reasonably request any information required for its role:</i></p> <ul style="list-style-type: none"> <li>• <i>Do you agree or disagree with the proposal? Please provide reasons.</i></li> <li>• <i>Do you have any comments on the specific drafting proposed?</i></li> <li>• <i>Do you agree or disagree that the proposal meets the requirements of section 43N(3) of the Act?</i></li> </ul>	
<p>Q5: <i>In regard to the proposal to amend rule 39 to extend the deadline for the provision of trading notifications:</i></p> <ul style="list-style-type: none"> <li>• <i>Do you agree or disagree with the proposal? Please provide reasons.</i></li> <li>• <i>Do you have any comments on the specific drafting proposed?</i></li> <li>• <i>Do you agree or disagree that the proposal meets the requirements of section 43N(3) of the Act?</i></li> </ul>	

QUESTION	COMMENT
<p>Q6: <i>In relation to the proposal to amend rules 5, 30, 41, 44, 45, and 48-50 to better reflect the role of TSOs and transmission arrangements in the downstream allocation process:</i></p> <ul style="list-style-type: none"> <li>• <i>Do you agree or disagree with the proposal? Please provide reasons.</i></li> <li>• <i>Do you have any comments on the specific drafting proposed?</i></li> <li>• <i>Do you agree or disagree that the proposal meets the requirements of section 43N(3) of the Act?</i></li> </ul>	
<p>Q7: <i>In relation to the minor drafting changes proposed in section 3.7:</i></p> <ul style="list-style-type: none"> <li>• <i>Do you agree or disagree with the proposals? Please provide reasons.</i></li> <li>• <i>Do you have any comments on the specific drafting proposed?</i></li> <li>• <i>Do you agree or disagree that the proposals meets the requirements of section 43N(3) of the Act?</i></li> </ul>	
<p>Q8: <i>Are there any other potential rule changes which are minor and insubstantial in nature, that you would like to see?</i></p>	
<p>Q9: <i>Do you have any comments on the drafting of any other aspects of the proposed rule amendments attached as Appendix A? Where appropriate, please provide a marked-up copy of the rule amendments (note a Word version is available on Gas Industry Co's website for this purpose)</i></p>	