

Subject	Gas (Downstream Reconciliation) Rules 2008 Guideline note rule 5 – definition of gas gate
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1. Introduction

- 1.1 Rule 5 of the Gas (Downstream Reconciliation) Rules 2008 (“the Rules”) defines the terms used in the Rules. The definition of “gas gate” as set out in rule 5 is as follows:
- 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;
- 1.2 Many provisions in the Rules set out obligations and functions for allocation participants and the allocation agent in respect of gas gates. The purpose of this note is to provide guidance on how the definition of “gas gate” is to be applied by allocation participants and the allocation agent in those situations.
- 1.3 This note is explanatory in nature and is not legally binding. It needs to be read in conjunction with the Rules and the general approach set out in this note in no way reduces the requirement upon participants to know and comply with their obligations under the Rules. This note may be amended from time to time.

2. Interpretation of “gas gate” and gas measurement system connections

- 2.1 One allocation participant has raised a concern regarding subclause (c) in the definition of “gas gate” ie a point of connection between two gas distribution systems. The concern is that the definition could be interpreted by allocation participants to include connections between a distribution system (owned by one person) and a gas measurement system (owned by a

different person) – on the basis that a gas measurement system could be considered a distribution system in its own right. One potential consequence of such an interpretation is that every connection between a distribution system and a consumer’s gas measurement system (where owned by a third party) could arguably be considered a “gas gate”.¹

- 2.2 It is not the intention of the Rules that the point of connection between a distribution system owned by one person and a downstream gas measurement system owned by a different person be considered a “gas gate”.
- 2.3 This approach adopted in respect of points of connections between distribution systems in the definition of “gas gate” in the Rules is the same adopted in the Gas (Switching Arrangements) Rules 2008.
- 2.4 The inclusion in the definition of gas gate of “the point of connection between two gas distribution systems” is intended to cover embedded networks, for example Waitoki B (WTK33902). Although embedded networks are not as common for gas as with embedded electricity networks, for the overall effectiveness of the switching and downstream reconciliation regulatory regimes, it was considered necessary for embedded networks to be captured. While it may be possible to mount a technical legal argument for the inclusion of third party gas measurement system connections as gas gates, Gas Industry Co considers that approach to be contrary to the scheme and purpose of the Rules (and, for that matter, the Gas (Switching Arrangements) Rules 2008).
- 2.5 Accordingly, in applying the definition of “gas gate” under the Reconciliation Rules, a gas gate is not to include a point of connection between a distribution system and a downstream gas measurement system.
- 2.6 Gas Industry Co does not consider that the potential ambiguity necessitates a rule change at this time.

The definition of “gas gate” under the Gas (Downstream Reconciliation) Rules 2008 is not to be applied as including a point of connection between a distribution system and a downstream gas measurement system.

3. Interpretation of “allocated gas gate”

- 3.1 With the introduction of rule 25A (determination of direct connect gas gates), consequential amendments were required so that the Rules make a distinction between direct connect gas gates and other gas gates and thereby make participants’ responsibilities clear in each case. The

¹ Allocation participants have provided information to Gas Industry Co indicating there are likely to be more than 150,000 of these types of situations – in which case the ability to efficiently and reliably carry out downstream allocation and reconciliation would be significantly hindered. In addition, this approach would make the operation of the Gas (Switching Arrangements) Rules 2008, and the gas registry under those rules, administratively untenable.

rule change was to define an “allocated gas gate” and to amend references to gas gates in the current Rules to allocated gas gates where relevant.

- 3.2 One consequence of the amended references to allocated gas gates is that consumer installations at direct connect gas gates are no longer required to be assigned to allocation groups.
- 3.3 Allocated gas gates are defined by negation (that is, allocated gas gates are those gas gates that are *not* direct connect gas gates), so it is important to clarify that any gas gate which is determined by Gas Industry Co to be part of a group of gas gates is not captured by the definition of an allocated gas gate. For example, the notional gas gate Greater Auckland is an allocated gas gate but the physical gas gates Bruce McLaren, Henderson, Papakura, Papakura B and Westfield which comprise Greater Auckland are not allocated gas gates.

4. Interpretation of “direct connect gas gate”

- 4.1 Under rule 5, direct connect gas gates are those gas gates that are on the list determined by Gas Industry Co in accordance with rule 25A and published on its website. Gas Industry Co determines the direct connect gas gate list following consultation with participants.
- 4.2 The list of direct connect gas gates can only include gas gates where the gas quantity delivered at the gas gate is attributable to a single consumer installation. A consumer installation can include one or more gas installations (for example a chemical plant may take gas as a feedstock and as a fuel source to produce heat or steam), but will generally only have a single point of connection to the transmission system (and hence a single ICP).
- 4.3 If a single consumer installation comprises multiple gas installations it must be demonstrable that the installation is not a distribution system, for example, the gas installations must be sited either within a single property title or a contiguous set of unit titles or cross leases (such as an apartment block), or the majority of the pipework feeding the gas installations must lay under private land rather than public land or public roads.
- 4.4 A single retailer gas gate (that is, a gas gate feeding a distribution system with multiple ICPs that all receive gas from the same retailer) is not a direct connect gas gate.
- 4.5 Any gas gate which has the characteristics of a direct connect gas gate but is not on the list determined by Gas Industry Co will be treated as an allocated gas gate until it has been determined to be a direct connect gas gate under rule 25A.3.

5. Interpretation of “unmetered gas gate” and “oversized metered gas gate”

- 5.1 Under rule 5, unmetered and oversized metered gas gates are those gas gates that are on the list determined by Gas Industry Co in accordance with rule 25B and published on its website.

Gas Industry Co determines the list of unmetered and oversized metered gas gates following consultation with participants.

- 5.2 Any gas gate which has the characteristics of an unmetered or oversized metered gas gate but is not on the list determined by Gas Industry Co will be treated as an allocated gas gate (including the obligation on the transmission system owner to provide daily injection information under rule 41), until it has been determined to be an unmetered or oversized metered gas gate under rule 25B.4.