

**THE MARKETPLACE COMPANY LIMITED**  
**Reporting entity**

**VECTOR GAS LIMITED**  
**Participant allegedly in breach**

**Breach notices 2008-9, 2008-10 and 2009-2**

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**Record of settlement of alleged breaches of rule 41 of the Gas (Downstream  
Reconciliation) Rules 2008**

**30 January 2009**

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## **Record of settlement of alleged breaches of rule 41 of the Gas (Downstream Reconciliation) Rules 2008**

### **Breach notices:**

2008-9  
2008-10  
2009-2

### **Between:**

Reporting entity: The Marketplace Company Limited ("M-co")  
Participant allegedly in breach: Vector Gas Limited ("Vector")

### **Background:**

- A. On 20 November 2008, M-co notified the market administrator of an alleged breach ("2008-9") of rule 41 of the Gas (Downstream Reconciliation) Rules 2008 (the "Rules") by Vector, namely that Vector had not provided monthly injection data in respect of a metered point on the Vector transmission system known as KAP09612 by 1200 hours on 6 November 2008.
- B. On 10 December 2008, M-co notified the market administrator of a further alleged breach ("2008-10") of rule 41 of the Rules by Vector, namely that Vector had not provided monthly injection data in respect of KAP09612 by 1200 hours on 4 December 2008.
- C. On 14 January 2009, M-co notified the market administrator of a further alleged breach ("2009-2") of rule 41 of the Rules by Vector, namely that Vector had not provided monthly injection data in respect of KAP09612 by 1200 hours on 8 January 2009.
- D. The market administrator referred 2008-9, 2008-10 and 2009-2 to an investigator, Jacquie Kean, for investigation, on 15 December 2008, 13 January 2009, and 29 January 2009, respectively. The investigator consolidated the investigations into one.
- E. As a result of the investigation, the following emerged (in summary):
  - a. Vector does not admit that it has breached any of the Rules;
  - b. Vector did not provide (and will not provide) injection data for KAP09612 because it disputes that KAP09612 is a "gas gate" as defined in rule 5 of the Rules;
  - c. KAP09612 is a mid-point on the Vector transmission system; no gas leaves the pipeline at that point;
  - d. Gas Industry Company Limited ("Gas Industry Co"), the entity that administers the list of gas gates for use by M-co, accepts Vector's explanation as to why KAP09612 is not a gas gate;
  - e. Prior to 1 October 2008, when the Rules came into force, Vector had informed Gas Industry Co on several occasions that KAP09612 was not a gas gate;
  - f. However, just as Gas Industry Co had accepted that KAP09612 was not a gas gate, and was about to remove it from the gas gate list, a Vector Group subsidiary, On Gas Limited, mistakenly sought an exemption from compliance with some of the Rules (not including rule 41) in respect of

KAP09612, and said in the exemption application that "KAP09612 is a bi-direction gas gate, ie: gas injection and off-take occurs at this point";

- g. The exemption application was made during a busy time for Vector and for Gas Industry Co and, with the Rules about to come into force, Gas Industry Co opted to retain KAP09612 on the gas gate list in the meantime, until the issue could be resolved. Key personnel from Gas Industry Co were absent on leave, and ultimately the issue was not discussed again until M-co needed the injection data.
- F. The parties have agreed to resolve 2008-9, 2008-10, and 2009-2 as set out in this agreement.

**Settlement:**

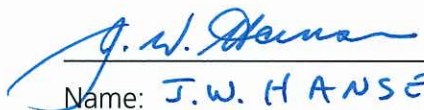
- 1) Gas Industry Co, although not a party to the alleged breaches or to this agreement, has agreed to remove KAP09612 from the gas gate list.
- 2) M-co will use the amended gas gate list from the date of amendment.
- 3) Vector will not be required to provide injection data in respect of KAP09612.
- 4) This settlement is subject to the approval of the Rulings Panel pursuant to regulation 34 of the Gas Governance (Compliance) Regulations 2008. If the Rulings Panel approves this settlement, this settlement will be final and binding on the parties to 2008-9, 2008-10 and 2009-2, on all participants, and on the Rulings Panel.

**Acceptance of parties to settlement:**

- M-co notified its acceptance of the terms of settlement in writing to the investigator on 30 January 2009.
- Vector notified its acceptance of the terms of settlement in writing to the investigator on 30 January 2009.

**Rulings Panel:**

I approve this settlement pursuant to regulation 34 of the Gas Governance (Compliance) Regulations 2008.

  
Name: J.W. HANSEN.  
Date: 24 June 2009