

**Subject**            **Notice of Determinations by the Industry Body (Gas Industry Co) under the Gas (Downstream Reconciliation) Rules 2008**

**Version**            **2.2**

**Date**                **23 December 2013**

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## **1. Introduction**

- 1.1 The Gas (Downstream Reconciliation) Rules 2008 (the "Reconciliation Rules") provide for the establishment of efficient and effective downstream allocation and reconciliation arrangements, including the accurate and timely allocation of gas recorded at gas gates between those retailers who are metering gas to consumers from the distribution system attached to the gas gate.
- 1.2 The Reconciliation Rules provide for Gas Industry Co, as the industry body approved under the Gas Act 1992, to determine:
- non-business days additional to weekends and national public holidays;
  - groups of gas gates under the definition of gas gate (rule 5);
  - the required accuracy of consumption information for initial allocation (rule 37.3);
  - the global 1-month criteria (rule 25C.2);
  - the list of direct connect gas gates (rule 25A.1); and
  - the list of unmetered and oversized metered gas gates (rule 25B.1)

Gas Industry Co's determinations in respect of these matters are set out in this notice.

## **2. Process for making changes to this notice**

- 2.1 This notice will need to be amended from time to time in accordance with the requirements of the Reconciliation Rules and to reflect changing circumstances and other factors.
- 2.2 The process which is intended for making changes to this notice is as follows:

- The proposed notice change will be advised to all allocation participants. Where the changes are minor or affect only specifically identifiable parties and no consultation is required under the Reconciliation Rules, it is intended that the proposed change will be notified by email. Where the changes are considered to have a wide effect, or consultation is required under the Reconciliation Rules, it is intended that the proposed amendments to the notice will be posted on the Gas Industry Co website and allocation participants invited to make submissions.
- There will be a defined consultation period which will vary from 2 to 4 weeks depending on the circumstances. A shorter period will likely apply where the changes are minor or affect only specifically identifiable parties. The consultation period may be closed off earlier if responses have been received from all allocation participants.
- Any new or amended determination made by Gas Industry Co will be advised to all allocation participants, together with a brief explanatory note on differences between the consultation proposal and the final result.
- A revised edition of this notice will be posted on the Gas Industry Co website.

### **3. Determination – business day (rule 5)**

3.1 The definition of “business day” in rule 5 of the Reconciliation Rules provides that:

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 that the industry body has determined not to be a business day as published by the industry body;

3.2 Pursuant to rule 5, Gas Industry Co determines that—as long as the allocation agent and its operations are based in Wellington—Wellington Anniversary Day shall be a non-business day where it would otherwise impact on the allocation agent’s ability to perform and/or publish an allocation in accordance with the Reconciliation Rules. Gas Industry Co will give reasonable notice to allocation participants when this is going to be the case.

3.3 Gas Industry Co will also give consideration to determining a non-business day where any North Island regional anniversary falls in the first four business days of the month, due to the potential impact on submissions for the initial allocation.

3.4 Consistent with the above paragraphs, Gas Industry Co determines the following non-business days for 2014:

- Wellington Anniversary day – Monday, 20 January 2014

#### **4. Determination – groups of gas gates (rule 5)**

- 4.1 The definition of gas gate in rule 5 of the Reconciliation Rules includes “(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”.
- 4.2 Pursuant to rule 5, Gas Industry Co determines that each of the following groups of gas gates are to be treated as single gas gates for the purposes of the Reconciliation Rules:
- Greater Auckland (GTA03610): comprising Bruce McClaren (BMC17901), Henderson (HEN74101), Papakura (PAP06610), Papakura B (PAP06604) and Westfield (WST03610);
  - Greater Hamilton (GTH11301): comprising Hamilton Te Kowhai (HTK08301) and Hamilton Temple View (HTV11301);
  - Greater Kihikihi (GTK19101): comprising Kihikihi (KIH19101) and Te Awamutu North (TAW31004);
  - Greater Mt Maunganui (GMM08001): comprising Mt Maunganui (MMU08001) and Papamoa (PPA33201);
  - Greater Tauranga (GTT07701): comprising Pyes Pa (PYE36601) and Tauranga (TRG07701);
  - Greater Waitangirua (GTW06910): comprising Waitangirua (WTG06910) & Pauatahanui 1 (PAH23201); and
  - Greater Waitoki (GTW33901): comprising Waitoki (WTK33901) and Waitoki B (WTK33902).

#### **5. Determination – accuracy of consumption information for initial allocation (rule 37)**

- 5.1 In respect of consumption information at a gas gate for consumer installations in allocation groups 3 to 6, rule 37.2 of the Reconciliation Rules requires the consumption information provided by a retailer for initial allocation, when compared to that provided by that retailer for final allocation, to fall within the percentage of error determined and published by Gas Industry Co under rule 37.3. Rule 37.4 sets out the following matters to which Gas Industry Co must have regard in making its determination under rule 37.3:
- The primary aim of ensuring consumption information provided for initial allocation is as accurate as possible when compared with consumption information for final allocation;
  - The extent to which retailers are able to comply with the percentage of error for the accuracy of consumption information provided for initial allocation;

- 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
- Any other matter it considers relevant to its determination.

5.2 Pursuant to rules 37.3 and 37.4 of the Reconciliation Rules, Gas Industry Co determines that the percentage of error for consumption periods in each gas year is as follows:

Gas year	Percentage error
1 October 2008 to 30 September 2009	±15%
1 October 2009 to 30 September 2010	±12.5%
1 October 2010 to 30 September 2011	±10%
1 October 2011 to 30 September 2012	±10%
1 October 2012 to 30 September 2013	±10%
1 October 2013 to 30 September 2014	±10%

## 6. Determination – G1M criteria (rule 25C)

6.1 Rule 25C.2 of the Reconciliation Rules requires that Gas Industry Co must determine and publish the G1M criteria, which are the criteria to be used by the allocation agent in determining which gas gates will be allocated using the global 1-month UFG methodology for the consumption periods in a gas year (the G1M gas gates).

6.2 Pursuant to rule 25C.2, Gas Industry Co determines that the G1M criteria shall comprise a TOU load proportion threshold and a monthly UFG factor volatility threshold. In order to determine the G1M gas gates for a gas year, these thresholds shall be applied against the best available consumption and allocation information for the 12 month period up to and including February of the previous gas year<sup>1</sup>. The thresholds are as follows:

- TOU load proportion threshold: the presence of a 12-month average TOU load at the gas gate of greater than or equal to 80%; and
- monthly UFG factor volatility threshold: the presence of one or more monthly UFG factors at the gas gate in the 12 month period which are either:
  - less than or equal to 0.9; or
  - greater than or equal to 1.1

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<sup>1</sup> This will normally comprise final allocation data for March to May and interim allocation data for June to February, but could include special allocations if directed. Note that allocation data from the initial allocation (monthly UFG factors in particular) will not form part of the dataset.

- 6.3 Pursuant to rule 25C.5 the allocation agent is required to determine and publish the G1M gas gates in accordance with the G1M criteria for each gas year by the 1<sup>st</sup> business day of July in the previous gas year. When determining the list of G1M gas gates the allocation agent will use the best available information at that time. Unless special allocations have been performed for any of the consumption periods in the 12 month period, the best available information will comprise three final allocations (March to May) and nine interim allocations (June to February).
- 6.4 For gas gates currently the subject of the Exemption (DR10-04-S: Global 1-Month UFG Methodology) Notice 2013, the allocation agent will apply the G1M criteria for the TOU load proportion as though TOU volumes had been submitted under their correctly assigned allocation group rather than allocation group 3. This is to avoid the distortions to the TOU load proportion that are the result of the operational workaround set out in the exemption.
- 6.5 Monthly UFG factors will not be recalculated in the allocation system with TOU volumes under their correctly assigned allocation group as the cost associated with such a change/update is not justified by this one-off occurrence. In these cases, the monthly UFG factors will be manually assessed as if the volumes were submitted under the correct allocation groups, and the allocation agent will update the G1M status of each gas gate accordingly.

## **7. Determination – direct connect gas gates (rule 25A)**

- 7.1 The Reconciliation Rules require that Gas Industry Co, as the industry body approved under the Gas Act 1992, determines the list of direct connect gas gates under rule 25A.1.
- 7.2 Under rule 25A.2 Gas Industry Co must publish the list of direct connect metered gas gates when established or changed. Under rule 25A.3 Gas Industry Co may remove or add gas gate to the direct connect gas gate list following consultation with allocation participants.
- 7.3 The definition of direct connect gas gate in rule 5 of the Reconciliation Rules is “those gas gates that are (for the relevant consumption period) on the list determined by the industry body in accordance with rule 25A.” Under rule 25A.4 “[t]he industry body may only include a gas gate on the list of direct connect gas gates where the gas quantity delivered at the gas gate is attributable to a single consumer installation.”
- 7.4 Gas Industry Co determines the following list of direct connect gas gates:

ALF15501	Alfriston
BAL08201	Ballance Ammonia-Urea
BAL09626	Ballance Ammonia-Urea
BER00653	Bertrand Road
BRO36301	Broadlands
GLB03401	Glenbrook

HPS02993	Huntly Power Station
HUN15303	Hunua 3
KAI07602	Kaimiro Mixing Station Delivery Point
KAP09612	Kapuni
KAW04410	Kawerau (ex-Caxton)
KAW04411	Kawerau (ex-Tasman)
KIN04310	Kinleith (CHH mill)
KIW34201	Kiwitahi 1 (Peroxide)
KTK23901	Kaitoke
KUR33601	Kauri DF
KUP37503	Kupe
LCF20010	Lichfield DF
MGK05401	Mangatainoka
MNG34001	Mangaroa
MCS01143	Mokau Compressor Station
MOK35801	Mokoia
MRV16301	Morrinsville DF
MSD01801	Marsden 1 (NZRC)
MSD01802	Marsden
MUT19001	Maungaturoto DF
NGA00669	Ngatimaru Road (Delivery)
NPS00530	New Plymouth Power Station
OKW23401	Okaiawa (Taranaki Byproducts)
OTB00301	Otahuhu B Power Station
RAG33401	Rangiuru
SDN00101	Southdown Power Station
STR00521	Stratford 2
STR00511	Stratford 3 Delivery Point
TAC31001	Te Awamutu Cogeneration Plant
TAT16401	Tatuanui DF
TCC00201	Taranaki Combined Cycle (TCC)
TIR33501	Tirau DF
TRC02003	Te Rapa Cogeneration Plant
WKE19201	Waikeria

## 8. Determination – unmetered and oversized metered gas gates (rule 25B)

- 8.1 The Reconciliation Rules require that Gas Industry Co, as the industry body approved under the Gas Act 1992, determines the list of unmetered gas gates and oversized metered gas gates under rule 25B1.
- 8.2 Under rule 25B.3 Gas Industry Co must publish the list of unmetered and oversized metered gas gates when established or changed. Under rule 25B.4 Gas Industry Co may remove or add gas gated to the unmetered and oversized metered gas gate list following consultation with allocation participants.
- 8.3 Gas Industry Co determines the following list of unmetered gas gates:

KUK22401	Kuku
MTP20601	Matapu
OKS32801	Okoroire Springs
PGU13101	Pungarehu 1
THO22701	Te Horo
WEL18301	Wellsford

- 8.4 Gas Industry Co determines the following list of oversized metered gas gates:

FLH21901	Flockhouse
TTK30601	Te Teko