

# Consultation on revocation/variation of exemptions under the Gas (Downstream Reconciliation) Rules 2008

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- Transitional exemption (DR08-13-T: Group 1, 2, 3, and 5 Consumer Installations) Notice 2008
- Transitional Exemption (DR09-03-T: Residual Injection Quantity Allocation) Notice 2009
- Exemption (DR09-04-S: Gas Gate Trading Notification) Notice 2009
- Transitional Exemption (DR09-08-T: Gas Gate Residual Profile) Notice 2009
- Exemption (DR09-09-S: Injection Information) Notice 2009

## 1 Introduction

This consultation paper proposes, and seeks submitters' views on, the revocation and variation of existing exemptions made redundant as a consequence of minor amendments to the Gas (Downstream Reconciliation) Rules 2008 (the Rules).

As result of the minor amendments to the Rules gazetted by the Minister on 3 September 2009<sup>1</sup>, several existing exemptions no longer serve any purpose. This is because several of the minor rule amendments were implemented to reflect the existing arrangements already in effect through the exemption process. Copies of the marked-up amendments to the Rules are available on Gas Industry Company Limited's (Gas Industry Co) website at <http://www.gasindustry.co.nz/work-programme/downstream-reconciliation?tab=310>.

In consultation on the minor rule amendments, Gas Industry Co indicated that, if the amendments were given effect, then several current exemptions may become redundant or need to be varied. Given the minor rule amendments come into force on 2 October 2009, Gas Industry Co intends to revoke or vary the following exemptions so that there is consistency across the Rules and exemptions:

- [Gas \(Downstream Reconciliation\) Rules 2008 \(Exemption DR08-13-T: Group 1, 2, 3, and 5 Consumer Installations\) Notice 2008](#)
- [Gas \(Downstream Reconciliation\) Rules 2008 \(Exemption DR09-03-T: Residual Injection Quantity Allocation\) Notice 2009](#)

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<sup>1</sup> As notified in the "Notice of Making of Amendments to the Gas (Downstream Reconciliation) Rules 2008" (New Zealand Gazette, 3 September 2009, No. 7317, page 3058).

- [Gas \(Downstream Reconciliation\) Rules 2008 \(Exemption DR09-04-S: Gas Gate Trading Notification\) Notice 2009](#)
- [Gas \(Downstream Reconciliation\) Rules 2008 \(Exemption DR09-08-T: Gas Gate Residual Profile\) Notice 2009](#)
- [Gas \(Downstream Reconciliation\) Rules 2008 \(Exemption DR09-09-S: Injection Information\) Notice 2009](#)

Each exemption is attached as an Appendix to this paper and is discussed in more detail in the sections below.

Two weeks are being allowed for consultation. Submissions are sought no later than Friday, 2 October 2009. Submissions can be made by registering on Gas Industry Co's website [www.gasindustry.co.nz](http://www.gasindustry.co.nz) and uploading your submission, preferably in the form of the submissions template attached to the consultation document.

All submissions will be published on the website after the closing date. For further information, see *Help for New Users* on the Gas Industry Co homepage. Submitters should discuss any intended provision of confidential information with Gas Industry Co prior to submitting the information.

## **2 Basis for revocations and variations**

In terms of the revocation or varying of standard exemptions under the Rules, rule 21 provides that an exemption may be varied or revoked on the initiative of Gas Industry Co but that the process requirements set out in rule 19 apply.

In terms of the revocation and varying of transitional exemptions, rule 81 also enables Gas Industry Co to, in its discretion, grant transitional exemptions on terms and conditions it thinks fit. Under the rules of statutory interpretation, this provision empowers Gas Industry Co to amend or revoke existing transitional exemptions.<sup>2</sup>

A general information paper on the exemptions process and criteria has been issued by Gas Industry Co and can be viewed by downloading from Gas Industry Co's website at the following link: <http://www.gasindustry.co.nz/work-programme/market-administration/exemptions>.

## **3 Transitional exemption (DR08-13-T: Group 1, 2, 3, and 5 Consumer Installations) Notice 2008**

This exemption (attached as Appendix B) applies 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. It allocates residual quantities to these groups in proportion to their allocations at the gas gate (ie through the upscaling of those allocated quantities). This ensures

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<sup>2</sup> See section 15 of the Interpretation Act 1999.

that injected quantities balance with allocated quantities, which is a central policy tenet underpinning the operation of the Rules.

This arrangement has now been implemented as an amendment to the Rules. A new rule 45.2.7 (para (a) in particular) has been inserted to reflect the existing arrangements described and currently reflected in the allocation system.

Accordingly, the exemption is redundant and therefore Gas Industry Co proposes that the exemption be revoked.

*Q1: Do submitters have any objection to the proposal to revoke Transitional exemption (DR08-13-T: Group 1, 2, 3, and 5 Consumer Installations) Notice 2008?*

#### **4 Transitional Exemption (DR09-03-T: Residual Injection Quantity Allocation) Notice 2009**

This exemption (attached as Appendix C) applies to the relatively rare situation where injection quantities exist at a gas gate, but all retailers have submitted zero quantities for all allocation groups on that day. The exemption ensures that the injection quantities are allocated to all allocation groups 1 to 6 in proportion to their allocation for the previous consumption period at the gas gate. Alternatively, in the two specific situations where that methodology cannot work, the injection quantities are allocated equally across the allocation groups and retailers trading at the gas gate. This again ensures that injected quantities balance with allocated quantities, which is a central policy tenet underpinning the operation of the Rules.

This arrangement has now been implemented as amendments to the Rules. A new rule 45.2.7(c) and a new Schedule 2 has been inserted to reflect the existing arrangements described and currently reflected in the allocation system.

Accordingly, the exemption is redundant and therefore Gas Industry Co proposes that the exemption be revoked.

*Q2: Do submitters have any objection to the proposal to revoke Transitional Exemption (DR09-03-T: Residual Injection Quantity Allocation) Notice 2009?*

#### **5 Transitional Exemption (DR09-08-T: Gas Gate Residual Profile) Notice 2009**

This exemption (attached as Appendix E) implements the following allocation arrangements:

- It provides a zero-floor for gas gate residual profile (GGRP) values so that historic estimate distortions caused by such negative values do not occur.

- Where the application of a zero-floor for GGRP values means daily allocation quantities may exceed injection quantities, it provides for the scaling down of those quantities (ie so that the total allocated quantities match injection quantities):

This arrangement has now been implemented through amendments to the Rules. Rule 45.2.5 has been amended to ensure the calculation of the GGRP values cannot result in a quantity less than zero. New rule 45.2.7 (para (b) in particular) provides that allocated quantities, where they exceed injection quantities, are to be scaled down proportionally to ensure that injected quantities balance with allocated quantities. These rule amendments reflect the existing arrangements described above and currently reflected in the allocation system.

Accordingly, the exemption is redundant and therefore Gas Industry Co proposes that the exemption be revoked.

*Q3: Do submitters have any objection to the revocation of Transitional Exemption (DR09-08-T: Gas Gate Residual Profile) Notice 2009?*

## **6 Exemption (DR09-04-S: Gas Gate Trading Notification) Notice 2009**

Rule 39 previously required each allocation participant to inform the allocation agent, at the end of a month, when it begins to supply customers at a gas gate or when it ceases to supply customers at a gas gate. This ensures that the allocation agent knows who should be supplying consumption information at each gas gate.

The above exemption (attached as Appendix D) extended the deadline for provision of gas gate trading notifications by retailers by three business days. The extended gas gate notice timeframe does not adversely affect, but is likely to improve, the reliability, efficiency and accuracy of the allocation results for the initial allocation under rule 48.

This extended deadline has now been implemented as an amendment to rule 39. Accordingly, the exemption is redundant and therefore Gas Industry Co proposes that the exemption be revoked.

*Q4: Do submitters have any objection to the proposal to revoke Exemption (DR09-04-S: Gas Gate Trading Notification) Notice 2009?*

## **7 Exemption (DR09-09-S: Injection Information) Notice 2009**

This exemption (attached as Appendix F) modifies the obligations of transmission system owners under rule 41 and 42 to provide gas gate injection quantities.

In relation to rule 41, it extends by four hours the deadline for transmission system owners to provide actual daily energy injection quantities for the initial allocation ie from 0800 hours to 1200 hours on the fourth business day of every month. As a consequence:

- the rule 31 deadline for the provision of consumption information for the initial allocation by retailers has also been extended to 1200 hours on the fourth business day of every month; and
- the rule 46.4.1(a) and 48.2 deadline for the allocation agent to publish the monthly UFG factor, perform initial allocations and provide reports on those allocations to retailers is also extended to 1200 hours on the fifth business day of every month.

These arrangements have been in force through various exemptions since go-live and now as an amendment to those rule provisions. Accordingly, these arrangements as set out in the exemption are redundant and Gas Industry Co proposes that they be removed/deleted from the terms of the exemption.

However, this exemption also addresses matters in relation to rule 42 that have not been implemented as minor amendments to the Rules. These rule 42 arrangements exempt transmission system owners from notifying retailers of estimated daily injected quantities on certain days for certain gas gates (ie those without live SCADA data or telemetry). These arrangements are proposed to continue as per the terms of the existing exemption.

Accordingly, Gas Industry Co proposes to vary the exemption to delete the terms relating to rule 41, while retaining the existing rule 42 arrangements. A marked-up version of the proposed variation is set out at Appendix G.

*Q5: Do submitters have any objections to the proposal to amend Exemption (DR09-09-S: Injection Information) Notice 2009, as set out at Appendix G, so that the redundant rule 41 arrangements are removed?*

# Appendix A Recommended format for submissions

To assist Gas Industry Co in the orderly and efficient consideration of stakeholders’ responses, a suggested format for submissions has been prepared. This is drawn from the questions posed in the body of this Consultation Paper. Submitters are also free to include other material on the exemption applications in their responses.

Submission from:..... (company name and contact)

Question	Comment
Q1: Do submitters have any objection to the proposal to revoke <u>Transitional exemption (DR08-13-T: Group 1, 2, 3, and 5 Consumer Installations) Notice 2008?</u>	
Q2: Do submitters have any objection to the proposal to revoke <u>Transitional Exemption (DR09-03-T: Residual Injection Quantity Allocation) Notice 2009?</u>	
Q3: Do submitters have any objection to the revocation of <u>Transitional Exemption (DR09-08-T: Gas Gate Residual Profile) Notice 2009?</u>	
Q4: Do submitters have any objection to the proposal to revoke <u>Exemption (DR09-04-S: Gas Gate Trading Notification) Notice 2009?</u>	
Q5: Do submitters have any objection to the proposal to amend <u>Exemption (DR09-09-S: Injection Information) Notice 2009</u> , as set out at Appendix G, so that the redundant rule 41 arrangements are deleted?	

# Appendix B Transitional exemption (DR08-13-T: Group 1, 2, 3, and 5 Consumer Installations) Notice 2008

## Gas (Downstream Reconciliation) Rules 2008 (Exemption DR08-13-T: Group 1, 2, 3, and 5 Consumer Installations) Notice 2008

Pursuant to rule 81 of the Gas (Downstream Reconciliation) Rules 2008, Gas Industry Company Limited ("Gas Industry Co"), as the industry body appointed pursuant to s43ZL of the Gas Act 1992, gives the following notice.

### Notice

#### 1. Title and commencement

- (a) This notice is the Gas (Downstream Reconciliation) Rules 2008 (Exemption DR08-13-T: Group 1, 2, 3, and 5 Consumer Installations) Notice 2008.
- (b) This notice comes into force on the day after the date of this notice.

#### 2. Interpretation

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

#### 3. Transitional Exemption

A transitional exemption from the application of rule 45.2.6 is granted in respect of any gas gates where there are only allocation group 1 and 2 (TOU) and allocation group 3 and 5 consumer installations during any given consumption period, subject to the following terms and conditions:

- (a) The gas gate residual profile quantities calculated under rule 45.2.5 are to be allocated to allocation groups 1, 2, 3 and 5 respectively – such allocation to be made proportionally based on each retailer's allocated quantities over all retailers' allocation quantities for each allocation and in accordance with the following formula:

$$AAQ_{1,2,3 \text{ or } 5} = GRP_{d(1,2...final)} \times (AQ_{1,2,3 \text{ or } 5} / \sum AQ_{1,2,3 \text{ or } 5})$$

Where:

$AAQ_{1,2,3 \text{ or } 5}$  is the additional quantity of gas in GJ to be allocated to allocation group 1, 2, 3 or 5 for the day.

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

$AQ_{1,2,3 \text{ or } 5}$  is daily allocated quantities for allocation group 1, 2, 3 or 5 for the day in GJ as calculated in accordance with Rules 45.2.3 and 45.2.4.

$\sum AQ_{1,2,3 \text{ or } 5}$  is the sum of the daily allocated quantities for allocation group 1, 2, 3 or 5 for the day in GJ as calculated in accordance with Rules 45.2.3 and 45.2.4.

- (b) All of the injection quantities submitted under rule 41 and any UFG occurring during the relevant consumption period are to be allocated to the consumer installations in allocation groups 1, 2, 3 or 5 at that gas gate.
- (c) The exemption expires on 30 September 2010.

#### **4. Reasons for granting the transitional exemption**

The reasons for granting the transitional exemption are:

- (a) In respect of gas gates where there are only allocation group 1 and 2 (TOU) and allocation group 3 and 5 consumers, the application of the allocation processes set out in rules 45 and 46 will result in a residual amount of gas not being allocated on each day. This is contrary to the key policy requirement that the consumption information balances with the injection quantities at a gas gate.
- (b) The alternative arrangement proposed is that the residual UFG should be allocated to the allocation group 1, 2, 3 and 5 consumers present at the gas gate. The alternative arrangements will better meet the intended objective of the Rules at affected gas gates for the transitional period.
- (c) This issue is due to an oversight in the drafting of the Rules and a permanent solution will be considered during the transitional period.

**DATED** at Wellington this 17th day of September 2008.

For and on behalf of Gas Industry Company Limited:

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



# Appendix C Transitional Exemption (DR09-03-T: Residual Injection Quantity Allocation) Notice 2009

## **Gas (Downstream Reconciliation) Rules 2008 (Exemption DR09-03-T: Residual Injection Quantity Allocation) Notice 2009**

Pursuant to rule 81 of the Gas (Downstream Reconciliation) Rules 2008, Gas Industry Company Limited ("Gas Industry Co"), as the industry body appointed pursuant to s43ZL of the Gas Act 1992, gives the following notice.

### **Notice**

#### **1. Title and commencement**

- (a) This notice is the Gas (Downstream Reconciliation) Rules 2008 (Exemption DR09-03-T: Residual Injection Quantity Allocation) Notice 2009.
- (b) This notice comes into force on the date of this notice.

#### **2. Interpretation**

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

#### **3. Transitional Exemption**

An exemption is granted from the application of rule 45.2.6 in respect of any gas gates where:

- (a) a non-zero injection quantity for a gas gate has been submitted by the transmission system owner under rule 41 and zero quantity consumption information has been submitted by all of the retailers at that gas gate under rules 31, 32 or 33; and
- (b) one or more retailers are supplying gas to a consumer installation at the relevant gas gate, as determined by the gas gate notices (GAS020 trader notification) that have been provided to the allocation agent under rule 39;

subject to the following terms and conditions:

- (c) the residual injection quantity that has been unable to be allocated to an allocation group and retailer under rule 45 is to be allocated to each retailer supplying gas to a consumer installation at the gas gate – such allocation to be made:

- (i) proportionally based on each retailer's allocated quantities for each allocation group over all retailers' allocation quantities for each allocation group for the previous consumption period's allocation and in accordance with the following formula:

$$AQ_{1,2,3,4,5 \text{ or } 6} = El_d \times (PAQ_{1,2,3,4,5 \text{ or } 6} / \sum PAQ_{1,2,3,4,5 \text{ or } 6})$$

Where:

$AQ_{1,2,3,4,5 \text{ or } 6}$  is the quantity of gas in GJ to be allocated to allocation group 1, 2, 3, 4, 5 or 6 for the day

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

$PAQ_{1,2,3,4,5 \text{ or } 6}$  is that retailer's daily allocated quantities for the previous consumption period for that allocation group 1, 2, 3, 4, 5 or 6 for the day in GJ as calculated in accordance with rule 45 and reported under rule 48, 49, 50 or 51 (as applicable)

$\sum PAQ_{1,2,3,4,5 \text{ or } 6}$  is the sum of all retailers' daily allocated quantities for the previous consumption period for the allocation group 1, 2, 3, 4, 5 or 6 for the day in GJ as calculated in accordance with rule 45 and reported under rule 48, 49, 50 or 51 (as applicable)

or

- (ii) where:

- 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;

equally across all of the retailers supplying gas to any consumer installations at the gas gate and in accordance with the following formula:

$$AQ_{1,2,3,4,5 \text{ or } 6} = El_d / N_R$$

Where:

$AQ_{1,2,3,4,5 \text{ or } 6}$  is the quantity of gas in GJ to be allocated to allocation group 1, 2, 3, 4, 5 or 6 for the day.

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

$N_R$  is the number of retailers supplying gas to consumer installations at the gas gate, as determined by the gas gate notices (GAS020 trader notification) that have been provided to the allocation agent under rule 39

- (d) All of the injection quantities submitted under rule 41 and any UFG occurring during the relevant consumption period are to be allocated to the consumer installations in allocation groups 1, 2, 3, 4, 5 or 6 at that gas gate.
- (e) To avoid doubt, the previous consumption period refers to the consumption period that is immediately prior to the consumption period that is being allocated.

**Example:** for an interim allocation occurring in August 2009 for the April 2009 consumption period, the previous consumption period is the March 2009 consumption period.

- (f) The exemption will expire on 30 September 2010.
- (g) The previous *Gas (Downstream Reconciliation) Rules 2008 (Exemption DR09-03-T: Residual Injection Quantity Allocation) Notice 2009*, dated 24 February 2009, is revoked.

#### **4. Reasons for granting the transitional exemption**

The reasons for granting the transitional exemption are:

- (a) In respect of gas gates where a non-zero injection quantity exists but the retailers supplying gas from that gas gate have all submitted zero quantity consumption information, the application of the allocation processes set out in rules 45 and 46 will result in a residual amount of gas not being allocated on each day. This is contrary to the policy intention that the allocated quantities balance with the injection quantities at a gas gate.
- (b) The alternative arrangement proposed is that the residual UFG should be allocated to the retailers supplying gas from the gas gate in proportion to the prior consumption period's allocation share at the gas gate. Where one or more retailers commence or cease supplying any consumer installations at a gas gate during the consumption period in question, then the non-zero injection quantity will be allocated equally across all of the retailers at that gas gate. The alternative arrangements will better meet the intended objective of the Rules at affected gas gates for the transitional period.
- (c) This issue has arisen due to circumstances unforeseen in the policy development and the drafting of the Rules and a longer term solution will be considered during the transitional period.
- (d) This transitional exemption varies the previous *Gas (Downstream Reconciliation) Rules 2008 (Exemption DR09-03-T: Residual Injection Quantity Allocation) Notice 2009*, granted on 24 February 2009, by clarifying that the exemption does not apply to situations where no consumption information has been submitted by all of the retailers at a gas gate. In those situations, the usual requirements of rules 43 and 45 apply to the allocation agent.

**DATED** at Wellington this 24<sup>th</sup> day of June 2009.

For and on behalf of Gas Industry Company Limited:

CHRISTINE SOUTHEY, Chief Executive.

# Appendix D Exemption (DR09-04-S: Gas Gate Trading Notification) Notice 2009

## Gas (Downstream Reconciliation) Rules 2008 (Exemption DR09-04-S: Gas Gate Trading Notification) Notice 2009

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

### Notice

#### 1. Title and commencement

- (a) This notice is the Gas (Downstream Reconciliation) Rules 2008 (Exemption DR09-04-S: Gas Gate Trading Notification) Notice 2009.
- (b) This notice comes into force on the day after the date this notice is published on Gas Industry Co's website.

#### 2. Interpretation

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

#### 3. Standard exemption

An exemption from the application of rules 39.2.3 is granted, subject to the following terms and conditions:

- (a) The gas gate notice required by rule 39.1 must be given to the allocation agent by no later than 1200 hours on the 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.
- (b) The exemption will expire on 30 September 2010.

#### 4. Reasons for standard exemption

The reasons for granting the exemption are:

- (a) During the initial operation of the Rules since the go-live date, it has become apparent that allocation participants are unlikely to be in a position to always comply with the gas gate notice timeframe specified in rule 39.2.3.

- (b) Extending the gas gate notice timeframe from the 3<sup>rd</sup> 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.
- (c) The extended gas gate notice timeframe will not adversely affect, and is likely to improve, the reliability, efficiency and accuracy of the allocation results for the initial allocation under rule 48.

**DATED** at Wellington this 24<sup>th</sup> day of February 2009.

For and on behalf of Gas Industry Company Limited:

CHRISTINE SOUTHEY, Chief Executive.

# Appendix E Transitional Exemption (DR09-08-T: Gas Gate Residual Profile) Notice 2009

## Gas (Downstream Reconciliation) Rules 2008 (Exemption DR08-02-S/DR08-04-S: Global 1-Month UFG Methodology) Notice 2009

Pursuant to rule 19 and 21 of the Gas (Downstream Reconciliation) Rules 2008, Gas Industry Company Limited ("Gas Industry Co"), as the industry body appointed pursuant to s43ZL of the Gas Act 1992, gives the following notice.

### Notice

#### 1. Title and commencement

- (a) This notice is the Gas (Downstream Reconciliation) Rules 2008 (Exemption DR08-02-S/DR08-04-S: Global 1-Month UFG Methodology) Notice 2009.
- (b) This notice comes into force on the date of this notice.

#### 2. Interpretation

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

#### 3. Standard Exemption

The Pahiataua PHT04901 and Reporoa RPR30801 gas gates are exempted from the application of rules 45.2.3, 46.2.1 and 46.3.2, subject to the following terms and conditions:

- (a) Retailers at these gas gates shall submit their allocation group 1 and 2 consumption data under rules 31, 32 and 33 as allocation group 3 data and this shall be done by submitting the information in accordance with the GAS050 file format determined by Gas Industry Co except that "Allocation Group" shall refer to "3" (rather than 1 or 2) and "Profile code" shall refer to STOU rather than XTOU.
- (b) The allocation agent shall be exempted from applying the process in rule 55 to these gas gates for the establishment of an STOU static deemed profile and instead the allocation agent shall, upon request from Gas Industry Co, create an STOU profile code to apply to these gas gates. The profile code shall be owned by Gas Industry Co and shall be registered by the allocation agent, under rule 56, against the large TOU ICPs at the gas gates in question. All retailers trading at these gas gates shall have permission to use the profile code.

- (c) TOU consumer installations at these gas gates will continue to comply with all other allocation group 1 or 2 installation requirements.
- (d) The exemption will expire on 30 September 2010.
- (e) The *Gas (Downstream Reconciliation) Rules 2008 (Exemption DR08-02-S/DR08-04-S: Global 1-Month UFG Methodology) Notice 2008* is revoked.

#### 4. Reasons for granting the standard exemption

The reasons for granting the exemption are:

- (a) This exemption varies the terms and conditions of the *Gas (Downstream Reconciliation) Rules 2008 (Exemption DR08-02-S/DR08-04-S: Global 1-Month UFG Methodology) Notice 2008*, granted on 17 September 2008, by:
  - (i) continuing the application of the Global 1-Month UFG Methodology to the Pahiatua PHT04901 and Reporoa RPR30801 gas gates; and
  - (ii) discontinuing the application of the Global 1-Month UFG Methodology to the following gas gates: Oroua Downs ORD24701, Kairanga KRG24101, Edgecumbe DF EGC30701, and Ngaruawahia NGW14501.
- (b) Given the nature of the load at the Pahiatua PHT04901 and Reporoa RPR30801 gas gates, the TOU consumer installations at these gas gates are very likely to play a role in any significant variability in UFG and the previous commercial arrangements already accommodated a variable allocation of monthly UFG. The Global 1-Month UFG Methodology is expected to continue to provide a fairer and more appropriate allocation methodology at these gas gates than the methodology set out in the Rules.
- (c) The nature of the loads at the Oroua Downs ORD24701, Kairanga KRG24101, Edgecumbe DF EGC3070, and Ngaruawahia NGW14501 gas gates are no longer consistent with the basis for granting the exemption set out in *Gas (Downstream Reconciliation) Rules 2008 (Exemption DR08-02-S /DR08-04-S: Global 1-Month UFG Methodology) Notice 2008*. Given there is either no TOU metered consumption or no non-TOU metered consumption, at these gas gates applying the Global 1-Month UFG Methodology will not provide a fairer allocation methodology at these gas gates than the methodology set out in the Rules.

**DATED** at Wellington this 24<sup>th</sup> day of June 2009.

For and on behalf of Gas Industry Company Limited:

CHRISTINE SOUTHEY, Chief Executive.





# Appendix F Exemption (DR09-09-S: Injection Information) Notice 2009

## Gas (Downstream Reconciliation) Rules 2008 (Exemption DR09-09-S: Injection Information) Notice 2009

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

### Notice

#### 1. Title and commencement

- (a) This notice is the Gas (Downstream Reconciliation) Rules 2008 (Exemption DR09-09-S: Injection Information) Notice 2009.
- (b) This notice comes into force on the day this notice is published on Gas Industry Co's website.

#### 2. Interpretation

- (a) In this notice, Rules means the Gas (Downstream Reconciliation) Rules 2008 made by the Minister of Energy under sections 43F, 43Q and 43S of the Gas Act 1992 by notice published in the New Zealand Gazette, as may be amended from time to time.
- (b) Any term that is defined in the Rules and used, but not defined, in this notice has the same meaning as in the Rules.
- (c) SCADA means the 'System Control and Data Acquisition' system used by Vector Gas Limited to monitor gas gate metering and other equipment, retrieve data and control equipment such as compressors.

#### 3. Standard Exemption

An exemption is granted in respect of rules 41 and 42 subject to the following terms and conditions:

- (a) *Rule 41 - Provision of daily injection information*
  - (i) The rule 41 deadline for the provision of actual daily energy quantities injected at each gas gate by transmission system owners is 1200 hours on the 4<sup>th</sup> business day of each month.
  - (ii) The rule 31 deadline for the provision of consumption information for the initial allocation by retailers is 1200 hours on the 4<sup>th</sup> business day of each month.

- (iii) The rule 46.4.1(a) and 48.2 deadline for the allocation agent to publish the monthly UFG factor, perform initial allocations and provide reports on those allocations to retailers is 1200 hours on the 5<sup>th</sup> business day of each month.
- (b) *Rule 42 - Publication of estimated day-end volume injection quantities each day*
  - (i) For gas gates without telemetry metering, transmission system owners are exempt from the requirement to comply with rule 42 on all calendar days.
  - (ii) For gas gates with telemetry metering but without live SCADA data, transmission system owners are exempt from the requirement to comply with rule 42 on days that are not business days.
  - (iii) To avoid doubt, for gas gates with telemetry metering and live SCADA data, transmission system owners must comply with rule 42 on all calendar days.
- (c) The exemption will expire on 30 September 2010.
- (d) *The Gas (Downstream Reconciliation) Rules 2009 (Urgent Exemption DR09-09-5: Injection Information) Notice 2009 is revoked.*

#### **4. Reasons for granting standard exemption**

The reasons for granting the exemption are:

- (a) For practical reasons, transmission system owners are unable to comply with aspects of the obligations under rule 41 and 42 for providing gas injection information, both for timing and cost reasons. Vector Gas Limited applied for an exemption which sought to essentially continue the exemptions in respect of rule 41 and 42 that expired on 30 April 2009.
- (b) In respect of rule 41, an exemption extending the timeframe for the provision of month-end injection and consumption information by 4 hours is desirable given:
  - (i) transmission system owners are unable to comply with the deadline set out in rule 41 without incurring significant costs; and
  - (ii) an exemption will ensure that the most accurate information is provided for the initial allocation by all allocation participants.
- (c) In respect of rule 42, an exemption is appropriate given transmission system owners are unable to comply, without incurring significant costs, with the requirements of the rule:
  - (i) for gas gates without telemetry; and
  - (ii) on non-business days for gas gates with telemetry but without live SCADA data.

While the aim to establish more transparency of the full costs of balancing and reconciling gas remains, this information is not required for the month-end allocation and reconciliation processes set out in the Rules and requiring full compliance with rule 42 is likely to lead to increased upstream costs for allocation participants.

- (d) Given this notice addresses the matters that the *Gas (Downstream Reconciliation) Rules 2009 (Urgent Exemption DR09-09-S: Injection Information) Notice 2009* was intended to address on an interim basis, that notice has been superseded and is therefore revoked.

**DATED** at Wellington this 30<sup>th</sup> day of June 2009.

For and on behalf of Gas Industry Company Limited:

CHRISTINE SOUTHEY, Chief Executive.

# Appendix G Variation proposed to Exemption (DR09-09-S: Injection Information) Notice 2009

## Gas (Downstream Reconciliation) Rules 2008 (Exemption DR09-09-S: Injection Information) Notice 2009

Pursuant to rules 19, 20 and 21 of the Gas (Downstream Reconciliation) Rules 2008, Gas Industry Company Limited ('Gas Industry Co'), as the industry body appointed pursuant to s43ZL of the Gas Act 1992, gives the following notice.

### Notice

#### 1. Title and commencement

- (a) This notice is the Gas (Downstream Reconciliation) Rules 2008 (Exemption DR09-09-S: Injection Information) Notice 2009.
- (b) This notice comes into force on the day this notice is published on Gas Industry Co's website.

#### 2. Interpretation

- (a) In this notice, Rules means the Gas (Downstream Reconciliation) Rules 2008 made by the Minister of Energy under sections 43F, 43Q and 43S of the Gas Act 1992 by notice published in the New Zealand Gazette, as may be amended from time to time.
- (b) Any term that is defined in the Rules and used, but not defined, in this notice has the same meaning as in the Rules.
- (c) SCADA means the 'System Control and Data Acquisition' system used by Vector Gas Limited to monitor gas gate metering and other equipment, retrieve data and control equipment such as compressors.

#### 3. Standard Exemption

An exemption is granted in respect of rule 42 relating to the publication of estimated day-end volume injection quantities each day, subject to the following terms and conditions:

- (a) For gas gates without telemetry metering, transmission system owners are exempt from the requirement to comply with rule 42 on all calendar days.
- (b) For gas gates with telemetry metering but without live SCADA data, transmission system owners are exempt from the requirement to comply with rule 42 on days that are not business days.
- (c) To avoid doubt, for gas gates with telemetry metering and live SCADA data, transmission system owners must comply with rule 42 on all calendar days.
- (d) The exemption will expire on 30 September 2010.
- (e) The *Gas (Downstream Reconciliation) Rules 2009 (Urgent Exemption DR09-09-S: Injection Information) Notice 2009* is revoked.

#### **4. Reasons for granting standard exemption**

The reasons for granting the exemption are:

- (a) For practical reasons, transmission system owners are unable to comply with aspects of the obligations under rule 42 for providing gas injection information, both for timing and cost reasons. Vector Gas Limited applied for an exemption which sought to essentially continue the exemptions in respect of rule 41 and 42 that expired on 30 April 2009.
- (b) In respect of rule 42, an exemption is appropriate given transmission system owners are unable to comply, without incurring significant costs, with the requirements of the rule:
  - (i) for gas gates without telemetry; and
  - (ii) on non-business days for gas gates with telemetry but without live SCADA data.

While the aim to establish more transparency of the full costs of balancing and reconciling gas remains, this information is not required for the month-end allocation and reconciliation processes set out in the Rules and requiring full compliance with rule 42 is likely to lead to increased upstream costs for allocation participants.

- (c) Given this notice addresses the matters that the *Gas (Downstream Reconciliation) Rules 2009 (Urgent Exemption DR09-09-S: Injection Information) Notice 2009* was intended to address on an interim basis, that notice has been superseded and is therefore revoked.
- (d) This exemption varies the previous *Gas (Downstream Reconciliation) Rules 2008 (Exemption DR09-09-S: Injection Information) Notice 2009*, granted on 30 June 2009, by deleting the previous terms and conditions relating to rule 41. Those terms and conditions are now redundant given the minor rule amendments notified in the "*Notice of Making of Amendments to the Gas (Downstream Reconciliation) Rules 2008*" (New Zealand Gazette, 3 September 2009, No. 7317, page 3058).

**DATED** at Wellington this day of 2009.

For and on behalf of Gas Industry Company Limited:

CHRISTINE SOUTHEY, Chief Executive.