

Gas (Downstream Reconciliation) Rules 2008 (Exemption DR09-08-T: Gas Gate Residual Profile) 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 DR09-08-T: Gas Gate Residual Profile) Notice 2009.
- (b) This notice comes into force on 1 August 2009.

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 35 and 45.2.5, subject to the following terms and conditions:

- (a) Where the gas gate residual profile quantity for a day calculated in accordance with rule 45.2.5 is less than zero, the gas gate residual profile quantity is deemed to be zero for that day.
- (b) Where 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:

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

Where:

SAQ₁₋₆ is the scaled quantity of gas in GJ to be allocated to allocation group 1, 2, 3, 4, 5 or 6 for the day

AQ₁₋₆ is the daily 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 daily 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 a value 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 in those formulae is deemed to be zero for the purposes of those rules.
- (d) The exemption will expire 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 which generate negative gas gate residual profile values under the Rules, the application of the allocation processes set out in rules 45 and 46 will result in negative allocated quantities for allocation groups 4 and 6 for some days and, in some instances, for entire consumption periods. Such negative gas gate residual profile values result in inaccurate historic estimates in consumption data calculated under rule 35 and adversely impact the upstream positions of allocation participants.
- (b) The alternative arrangement proposed is that a zero floor is applied to gas gate residual profile values and the total allocated quantities at a gas gate be scaled to match the injection quantity for each day of a consumption period. This will reduce the adverse impacts caused by negative gas gate residual profile values and ensure that the allocated quantities balance with the injection quantities at a gas gate.
- (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.

DATED at Wellington this 24th day of June 2009.

For and on behalf of Gas Industry Company Limited:

CHRISTINE SOUTHEY, Chief Executive.