

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 4th 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 4th 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 5th 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-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 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 30th day of June 2009.

For and on behalf of Gas Industry Company Limited:

CHRISTINE SOUTHEY, Chief Executive.