

## **Gas (Downstream Reconciliation) Rules 2008 (Exemption DR09-11-S: Unmetered Gas Gates) Notice 2009**

Pursuant to rule 19 of the Gas (Downstream Reconciliation) Rules 2008 (the Rules), 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 DR09-11-S: Unmetered Gas Gates) 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.

#### **3. Standard Exemption**

An exemption is granted to transmission system owners in respect of their obligations under rules 41 and 42 to provide daily energy quantities for the unmetered gas gates identified in this notice, subject to the following terms and conditions:

- (a) The exemption shall only apply to the following gas gates on the transmission system that do not have a meter as at the date of this notice:

Kuku KUK22401	Pungarehu 1 PGU13101
Matapu MTP20601	Te Horo THO22701
Oakleigh OAK18601	Waverley WVY23601
Okoroire Springs OKS32801	Wellsford WEL18301
Papakura No.3 PAP06603	

- (b) The exemption shall expire on:
  - (i) 30 November 2009 for the Papakura No 3 PAP06603 and Waverley WVY23601 unmetered gas gates; and

- (ii) 30 September 2010 for all other unmetered gas gates.
- (c) The requirement to provide actual daily energy quantities under rule 41 will be met by the allocation agent using the consumption information provided by retailers under rules 31, 32, and 33 to estimate the injection quantities for those gas gates.
- (d) No later than 1 October 2009, in respect of each Papakura No 3 PAP06603 and Waverley WY23601 gas gate, Vector Gas Limited must provide a detailed report to Gas Industry Co setting out a breakdown of the costs of installing a meter, an associated cost benefit analysis, the time and other arrangements needed to install a meter, all available current and historical information on gas quantities at the gas gate, and any other additional information reasonably requested by Gas Industry for the purpose of assessing the operation of this exemption to those gas gates.

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

The reasons for granting the exemption are that:

- (a) Gas injection quantities at unmetered gas gates are unable to be measured. For these gas gates, Vector Gas Limited has applied to Gas Industry Co for an exemption in respect of the obligations to provide injection quantities as set out in rules 41 and 42.
- (b) Given the significant costs to install meters at these gas gates, it is considered reasonable that an exemption be granted on similar terms to the previous *Gas (Downstream Reconciliation) Rules 2008 (Exemption DR08-14-T: Unmetered Gas Gates) Notice 2008*. The alternative arrangement provides for the allocation agent to use consumption information provided by retailers under the Rules to estimate the injection quantities at the affected gas gates.
- (c) At the Papakura No 3 PAP06603 and Waverley WY23601 gas gates, the injected quantities are materially higher than the other unmetered gas gates. Given the higher volumes and multiple retailers at these unmetered gas gates, there are greater risks to the accuracy or fairness of allocations without metered injection quantities. A shorter exemption applies for these gas gates to enable Gas Industry Co to obtain detailed information on all injection data, and the costs and benefits of installing meters, at each of these gas gates and accordingly determine whether an exemption should apply beyond 30 November 2009.

**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.