

Gas (Downstream Reconciliation) Rules 2008 (Exemption: Direct Connect Gas Gates) Notice 2008

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: Direct Connect Gas Gates) Notice 2008.
- (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 section 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) Direct connect gas gates means the gas gates that supply one or more consumers directly from the transmission system and are either set out below or otherwise determined and published by Gas Industry Co to be direct connect gas gates for the purposes of this notice.

ALF15501 Alfriston
BAL08201 Ballance Ammonia-Urea
BAL09626 Ballance Ammonia-Urea
BER00653 Bertrand Road
BRO36301 Broadlands
GLB03401 Glenbrook
HPS02993 Huntly Powerstation
KAW04410 Kawerau (ex-Caxton)
KAW04411 Kawerau (ex-Tasman)
KIN04310 Kinleith (CHH mill)
KIW34201 Kiwitahi 1 (Peroxide)
KTK23901 Kaitoke
KUR33601 Kauri DF
LCF20010 Lichfield DF
MGK05401 Mangatainoka

KAP09612 Kapuni
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 Rangioru
RBM03101 Rainbow Mountain
SDN00101 Southdown Power Station
TAC31001 Te Awamutu Cogeneration Plant
TAT16401 Tatanui DF
TCC00201 Taranaki Combined Cycle (TCC)
TIR33501 Tirau DF
TRC02003 Te Rapa Cogeneration Plant
WKE19201 Waikeria

3. Exemption

An exemption from the application of rules 29, 31, 32, 33, 39, 40, 48, 49, 50, 51, 52, 53, 78 and 79 is granted in respect of direct connect gas gates subject to the following terms and conditions:

- (a) To avoid doubt, as no quantities of gas will be allocated to a retailer by the allocation agent in an initial allocation under rule 48 in respect of direct connect gas gates, ongoing fees payable under rule 16 of the Rules do not apply to direct connect gas gates.
- (b) This exemption expires on 30 September 2010.

4. Reasons for granting the exemption

The reasons for granting the exemption are:

- (a) Until recently some allocation participants have not appreciated that direct connect gas gates are subject to the Rules and are therefore unlikely to be in a position to comply with the Rules for those direct connect gas gates.
- (b) In light of the potential implementation and compliance costs, the initial benefits in applying the consumption information obligations and global allocation methodology set

out in the Rules are reduced in respect of direct connect gas gates, particularly given the circumstances outlined in clause 4(a) above.

- (c) For consistency and operational reasons, all types of direct connect gas gates (including those with more than one retailer or consumer) have been exempted for the purposes of this exemption.
- (d) There are unlikely to be any detrimental effects on competition for retailers or transmission system owners at direct connect gas gates, and granting the exemption is likely to ensure consumers at these direct connect gas gates are not subject to increased gas costs or prices due to retailer compliance costs with the Rules.
- (e) The exemption is limited to a two year period to ensure Gas Industry Co will be in a fully informed position to assess the merits and operation of this initial exemption.

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