

## **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:

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

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.

$GRP_{d(1,2\dots final)}$  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.