

Gas (Downstream Reconciliation) Rules 2008 (Exemption DR13-01: Calculation of SADSV) Notice 2013

In accordance with 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 DR13-01: Calculation of SADSV) Notice 2013.
- (b) This notice comes into force on 1st June 2013.

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. Exemption

An exemption is granted to the allocation agent in respect of the formula used in rule 53.1 to calculate seasonal adjustment daily shape values (SADSV) for each initial, interim, final and special allocation of consumption periods up to and including September 2013. The exemption is subject to the following terms and conditions:

- (a) For all allocation stages of consumption periods up to and including September 2013, and at each allocated gas gate during those consumption periods, the formula used by the allocation agent to calculate SADSV will be:

$$EI_d - AQ_{1,2,3\&5}$$

Where

EI_d is the daily injection volume for day d; and

$AQ_{1,2,3\&5}$ is the volume allocated to allocation groups 1, 2, 3 and 5 for day d.

- (b) The exemption will expire on 31 October 2015.

4. Reasons for granting the exemption

The reasons for granting the exemption are:

- (a) The amendments to the Rules which took effect on 1 June 2013 include a change to the formula used to calculate SADSV from $E_d - AQ_{1,2,3 \& 5}$ to $E_d - AQ_{1\&2}$. If the formula is applied retrospectively to consumption periods before October 2013 then the SADSV at gas gates covered by the Gas (Downstream Reconciliation) Rules 2008 (Exemption DR10-04: Global 1-Month UFG Methodology) Notice 2013 will be distorted due to the submission of TOU volumes using allocation group 3 under that exemption.
- (b) Distortions to SADSV impact on retailer's derivation of historical estimates and can reduce the accuracy of consumption information submitted to the allocation agent if read-to-read volumes are not apportioned accurately to calendar months.
- (c) The exemption delays the effective date of the change to the SADSV formula and ensures that it is not applied to consumption periods before October 2013. From the October 2013 consumption period onwards, the G1M provisions in the Rules supersede the work around in the exemption, such that new SADSV formula can be used with no ill effect.
- (d) The exemption will expire on 31 October 2015 to allow for any special allocations of consumption periods up to and including September 2013. A special allocation may be directed up to 12 months after a final allocation is performed.

DATED at Wellington this 31st day of May 2013.

For and on behalf of Gas Industry Company Limited:

STEVE BIELBY, Chief Executive.