

Retail Gas Governance Forum – 30 November 2009 – Notes

Attending: Pamela Caird (GIC), Rae Hughes (AMS), Sue Simons (Powerco), Tony Hooks (Powerco), Bob Sheppard (Vector), Graeme Stodart (OnGas), Luz Rose (Vector), Charles Teichert (Nova), Danny McManamon (Contact), Andrew Maseyk (Genesis), Rod Crone (Contact), Ian Dempster (GIC), Steve Woods (Veritek), Andrew Walker (GIC), Bas Walker (Aspen/GIC)

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Switching & Registry

General update

Switching operations are business as usual. Approx 3,500 to 4,500 switches per month initiated, 3,000 per month completed. Still around 1,000 withdrawal requests per month and the number of withdrawal requests is greater than the difference between initiations and completions so clearly still some multiple withdrawals.

New reports

Switch length report – generally in favour of report providing more information. Participants can see the value in the report. Average days to complete switch would be useful. Possible danger that the information is used in the wrong context or read incorrectly by people who don't understand what the data is showing. Eg. Electricity switching analysis used start date of registry go-live when switching was erratic and before data cleansing. Also mentioned was who gets access to report. Accepted that currently participants can only see information on the switches that they are involved in. Powerco asked if they would have access to same report. Same current practice applies ie they can see switches on their network. Some retailers already produce similar analysis using their own systems. From GIC point of view this is information that is already available but isn't very accessible. Briefly mentioned retailer switch report download which was limited to 250 lines on screen but unlimited when downloaded. This has purportedly been fixed by Jade (need to check). Requested that GIC send out an email giving full description of report, who can see it, what each person can see etc.

Side discussion about 'greater' gas gates – retailers would be happier if registry just held ICPs against greater gas gates and physicals gas gates only used for check metering. Could be possible to add another column to registry gas gate list with notional gas gate – extra cost involved. Would get rid of manual work around to do with SADSvs/GAR060 report. Request that GIC consult on this to garner feedback – could be part of general policy review? Applies to all notional gas gates but particularly greater Auckland where the physical gas gates are all interconnected.

Change to registry stats report file names. No problems identified with adding a date stamp. Jade have advised will only be a few hundred dollars. GIC will follow up with a short email consultation.

Discussion about email contact lists – noted that GIC uses different lists for different reasons eg. compliance, exemption consultations, special allocation requests etc. Some participants have found that the right people aren't always getting emails or several people across an organisation are getting the same emails. GIC noted the benefits of having a generic email inbox such as 'gas-governance' or 'gas reconciliation' to which interested parties can have access. This has the added benefit of removing the risk of communications being lost if a contact person leaves an organisation.

Switching operations paper

Brief run down of contents of paper. Approach to compliance (ignoring maintenance breaches, MA not asking for information). Noted that this still wasn't ideal – although parties don't have to provide information the existence of the breaches still creates a workload for some participants due to internal processes and procedures. But GIC and the market administrator are bound by the compliance regulations.

Switch withdrawals – proposal is for the registry to be amended so that if the first response to a GNT is a GNW and this is rejected, then the next response must be a GAN or GTN. Depending on the interpretation of rule 78.5 this could be an operational change only without the need for a rule change or exemption. Some discussion over whether a breach of this rule going to the rulings panel could result in a ruling on the correct interpretation.

Requested switch dates – now have determination from rulings panel on interpretation of rule 72.2.2. The phrase 'as billed' means at the time of receipt of the GNT. Not GIC's intention to enforce this rule through the registry but it is open to participants to submit a breach. Registry doesn't know the actual billed date so it can't track compliance with rule 72.2.2

Non-business days – last part of the switching paper discusses the approach required to fix an issue with the counting of days overdue when switch dates fall on non-business days. The approach proposed is to recognise that there are two different groups of date breaches – those where a response isn't given by a certain date and those where a specific date field does not comply with the rules when compared against another date. One proposed solution is to count business days for the first type (since this relates to the time allowed to make a decision and parties should be given whole business days), and calendar days for the second type, since the emphasis should be on the customer getting their requested switch date, whether this is a working day or not. Recognise that the rules are clear where they talk about business days but we are talking about the breach timer counting days overdue, important to flag any non-compliance.

It is expected that the paper will be signed off and released before Christmas. GIC would appreciate comments and feedback.

Registry access requests

Access request received from Trustpower's stopped meter investigation team. Their motivation for gaining access is to assess where electricity demand has had a step change due to a new gas connection. Some participants welcomed this kind of investigation going on and approved of the access request. However it was noted that approving one electricity retailer would provide a precedent and make it difficult to decline further applications from similar companies. Previous access requests have been more simple eg approval of EGCC, and decline of application from energy procurement/broker firms. Other participants felt that as long as the applicant was within the industry it was ok. Also suggested that they could become a gas industry participant. Noted that only retailers with active ICPs pay for the registry so there is a question of whether they are willing to pay for a system that others are able to use for free. Also when the gas registry was built there was no requirement for licensing because it was intended that there would only ever be a small number of system users (unlike the electricity registry where users pay for licences). GIC to send out a consultation email for the Trustpower request and also to consider guidelines for registry access for non-participants.

Downstream Reconciliation

General update

First final allocation has been published for October 2008 consumption period. Notable that at several of the larger gas gates the amount of UFG has increased between the initial, interim and final allocations. Possible reasons could be over-estimation in forward estimates (due to coming out of winter), which are steadily removed as historic estimates prevail. Also suggested that the removal of negative SADSvs may have increased UFG at the later allocation stages.

Rule 37 breaches – first final allocation also means first reporting of breaches of the estimation accuracy threshold for non-TOU consumption. There were 123 breaches for October 2008, although it was noted that introducing a threshold on materiality would reduce this number. For example removing breaches where the actual difference is less than 50GJ would reduce the number of breaches to 46. It was noted that for the equivalent electricity accuracy measure a threshold of 100,000kWh is used. It is likely that GIC/the market administrator will consult on and produce guidelines as to how these breaches are dealt with and how a threshold could be implemented.

Event audits

Noted that Tawa A and Greater Auckland audits are still in draft so it is not appropriate to have an in-depth discussion of the findings until they have been finalised. Reminder that submissions on draft reports are due by Thursday 3 December and hoping for publication of final reports in the new year. Noted that there will be a forthcoming programme of retailer audits.

Steve Woods led a discussion on audit processes, including the difficulties encountered in conducting the two May audits. One major aspect was data being provided in inconsistent

formats and the time taken to assimilate all the required information. Suggested that for future audits the auditor could provide the file format for providing information.

Rules review

Background given – When the rules were implemented it was intended that a review would be carried out at the end of the transitional period (30 September 2010). This was on the basis that, by that time, two years of allocation data would be available and analysis of that data may provide insights into improvements. Suggested that it was possibly overlooked that in September 2010 there would not yet be a full year's worth of final allocation data available. Proposal is therefore to begin a rules review but to allow further data to accumulate before any major changes are made. Areas of enquiry include retailer estimation accuracy, possible alternatives to the initial allocation, and a review of the global allocation methodology.

The first stage of the rules review is to look at performance of the rules so far. With this in mind, Strata has been engaged by GIC to conduct a review of retailers' forecasting methods and to outline possible alternatives to the existing approach. Retailers should expect to hear from Strata in the new year.

Compliance

Update

Noted that GIC has appointed a new market administrator to replace Lucy Elwood who was filling the position as a contractor. Lucy's replacement will start in mid-December.

Discussion of breaches resulting from estimated TOU consumption data. Noted that there are several such breaches each month and although this is a compliance-burden for those retailer effected it is important that these cases continue to be flagged. This is due to TOU allocation groups having a 'favoured-nation' status under the reconciliation rules as regards their allocation of UFG ie they are allocated the annual UFG factor rather than monthly.