

Paper for discussion at RGGF meeting to be held on 15 April 2009

Initial Package of Minor/Non-Controversial Rule Amendments to the Gas (Downstream Reconciliation) Rules 2008

The possibility of proposing an initial set of minor and/or non-controversial changes to the Gas (Downstream Reconciliation) Rules ("Rules") in mid 2009 has been foreshadowed on several occasions to allocation participants. This paper provides a basis for an initial discussion on this subject.

Change proposals on the rule change register

Attached is an updated draft of the rule change register¹ including additional potential rule changes that are likely to form the basis of such a package. The majority of the proposals fall within category 2 (ie potentially a part of an initial package in mid 2009), generally seeking to either codify the arrangements for certain exemptions in effect or address apparent minor/technical deficiencies or ambiguities in certain rule provisions. Those proposals falling within category 3 (ie representing significant policy changes) are not intended to be considered until the next general review of the Rules in 2010.

Status of proposals which are currently being considered in exemption application/review process

There are three matters which are currently being considered through the exemption application process. These could eventually form rule change proposals but it is considered that it would generally be premature to do this without first knowing the outcome of the exemption process. These applications are currently being consulted on so there may also be a timing issue in taking account of outcomes in the rule change process. The table below this indicates Gas Industry Co's preliminary view on whether the current exemption matters should form the basis of a short term rule change.

Brief description	Initial view on rule change status
Potential change to the basis for allocating on going costs (On Gas - DR09-06-T)	If an exemption is approved, then it is expected these arrangements can be considered as a potential rule change in the initial mid-2009 package. If exemption not granted, then any rule change still proposed would be a significant policy change leading to deferral to mid 2010.
Potential changes to avoid negative GGRP values and to scale daily allocations where	If an exemption is approved, then it is expected these arrangements can be considered as a potential rule

¹ Note the updated draft register is still in draft form and is only provided for the purposes of discussion at the RGGF meeting. At this stage, only the first four proposals have been formally confirmed on the register. The draft will then be finalised and processed by Gas Industry Co before being published on the Gas Industry Co website.

GGRPs are set to zero, to ensure all gas is allocated on a daily basis (DR09-08-T)	change in the initial mid-2009 package.
Potential change to apply the global 1-month UFG methodology at certain types of gas gates eg with large TOU loads (DR09-07-T)	Whether or not exemption is approved, this potential change is considered substantive and not intended to be considered until mid 2010 (as noted in rule change register.)

There are also a number of matters which are currently covered by exemptions already in effect but which will expire soon ie no later than 30 June 2009. The operation of several of these exemptions is currently being reviewed, pursuant to the term of those exemptions, with a view to assessing an appropriate course of action on expiry. The table below indicates Gas Industry Co's preliminary view on whether matters covered should form the basis of a short term rule change.

Exemption	Brief description	Initial view on rule change status
Transitional exemption (DR08-14-T: Unmetered Gas Gates) Notice 2008	Alternative arrangements for TSOs to provide injection information under rule 41 and 42 for unmetered gas gates	It is not considered that a rule change is appropriate to address this issue. It is considered best dealt with on a transitional/case by case basis through the exemption process.
Exemption (DR08-15 to 18-S: Injection information) Notice 2008 and Exemption (DR08-25-S: Injection information) Notice 2008	Exemptions in regard to TSOs providing injection information under: - rule 41 on a monthly basis, by 1200 hours on the 4 th business day; and - rule 42 on a daily basis for non-telemetry gas gates and on a non-business day basis for telemetry gas gates.	In respect of rule 41, given the deadline extension only relates to a matter of hours, it is proposed to include consideration of this potential rule change in the initial mid-2009 package whether or not an exemption is extended. In respect of rule 42, the issues are more substantive and complex (ie category 3). Initially, it is considered best dealt with on a transitional/case by case basis through the exemption process and be considered as a part of the mid 2010 policy review.
Transitional exemption (DR08-27-U: Bypass Gas Gates) Notice 2008	Exemption from the inclusion of bypass gas gates in the allocation process	Whether or not exemption is extended, this potential change is considered substantive (ie category 3) and is not intended to be considered until the mid 2010 policy review.

Other minor and technical changes

There are likely to be a number of additional minor and technical changes (ie that are not currently listed on the updated draft of the rule change register attached) that Gas Industry Co considers will form part of the initial rule change package. These have not yet been formally documented as yet, but are expected to come to light during the formulation of the initial rule change package.

Indicative timetable for initial rule change

It would be desirable for a first set of minor changes to be implemented prior to the start of the 2nd transitional gas year (1 October 2009). However, it is noted that the minor/technical nature of the rule changes considered in this initial package means that they are not dependent on being in effect by the start of a gas year ie they will have no effect on allocations beyond what is already provided for by exemptions. The intended timetable at this stage for such an initial rules package is set out below:

Approximate date	Activity
Late May	Statement of proposal issued outlining proposed rule amendments (allow 4 weeks for submissions)
Mid June	Industry workshop
Late June	Closing date for submissions (allow 4-6 weeks to prepare final proposed rule amendments and obtain Board approval for the Recommendation)
Late July	Recommendation issued and provided to the Minister
August (ideally) – October	Proposed rule amendments are approved/rejected by the Minister and gazetted (note Minister is able to take up to 90 days in deciding whether to approve proposed rule amendments)
1 October 2009 (ideally) – December	Proposed rule amendments take effect (after 28 days after being gazetted). Note date of effect will be dependant on Ministerial approval timeframe

Recommendation

It is recommended that the meeting discusses the material set out above to assist Gas Industry Co in preparing the Statement of Proposal for the initial package of minor/non-controversial rule changes.