
Consultation for correcting AUFG factors

1. Introduction and purpose

This paper considers whether Gas Industry Co (GIC) should direct the Allocation Agent to correct the annual UFG (AUFG) factors at GMM08001, GTT07701 and TKN17001, pursuant to rule 46A of the Gas (Downstream Reconciliation) Rules 2008.

In accordance with rule 46A and with the [Guideline note for rule 46A](#) GIC invites feedback from allocation participants on whether the AUFG factor corrections should be issued.

2. Background

The distribution networks for the two notional gas gates, Greater Mt Maunganui (GM08001) and Greater Tauranga (GTT07701), are in close proximity to one another which has caused on-going issues with ICPs being reconciled to the incorrect gas gate in the registry. This issue has been highlighted in the past and bulk corrections have been made however, inaccuracies still exist. As a result of this, the two gas gates' consumption information for the period March 2015-February 2016 (the months used to produce the current gas year's AUFG) was calculated using an incorrect mix of ICPs from the two gas gates. Te Kuiti North (TKN17001) has the same issue as GTT07001 and GMM08001 with its neighbouring gas gate Te Kuiti South (TKS17401). GIC is not consulting on correcting AUFG at TKS17501 as it does not use AUFG in its allocation process (it is a G1M gas gate).

Resolution of this issue has been delayed due to the transfer of ownership of the networks and the need for First Gas to build new IT systems and transition over network data. However, GIC has now received information from Vector (the previous distributor of the three gates) and First Gas (the current distributor) about the correct ICP list for each gas gate, as well as carrying out our own analysis to verify the ICP mappings. Following the implementation of its new billing system, First Gas has also supplied the consumption information for each ICP required to re-calculate the AUFG for the current gas year.

Although the correct ICP list for each gas gate has been supplied, the registry is yet to be corrected as First Gas is currently working out how best to update and back date the affected ICPs. For the sake of timeliness, GIC suggests directing the Allocation Agent to populate the AUFG factors recalculated using First Gas data into the Allocation System. The alternative would be to wait until the registry has been corrected then require all retailers at the gas gates to submit corrected consumption files for the 12-month period required to calculate the AUFG factor.

3. AUFG factors

GIC's re-calculation of AUFG using the updated list of ICPs for each gas gate results in an improvement in UFG (albeit by varying degrees). Below is a list of what the current AUFG is at the three gas gates, what AUFG GIC is proposing to manually correct and by how much this will improve UFG.

Gas gate	Current AUFG	Proposed new AUFG	Improvement
GMM08001	1.063	1.041	0.023
GTT07701	0.966	1.001	0.035
TKN17001	1.093	1.004	0.089

4. Summary

Corrections to AUFG are generally directed where the unfairness of the current AUFG factor is sufficient to justify an update. As per the guideline note for correcting an AUFG factor under rule 46A, corrections are justified and may be made where:

- (a) the change in the magnitude of the AUFG factor is in the order of 0.01; and/or
- (b) the AUFG correction results in a movement of 1,000GJ between TOU and non-TOU allocations in any one month.

For the three gas gates, GMM08001, GTT07701 and TKN17001, the first threshold is met and therefore GIC initially supports correcting the AUFG factors for the current gas year.. GIC is also considering directing the Allocation Agent to manually enter the new AUFG factors rather than waiting until First Gas has been able to correct all the ICPs in the registry, which may take some time.

This is GIC's initial position only and is dependent on stakeholder feedback. It is important that retailers give an indication of whether there are financial or other commercial drivers that will influence GIC's assessment of the unfairness of the AUFG factors. We request any retailer with a view to contact us via a submission.

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ABOUT GAS INDUSTRY CO.

Gas Industry Co is the gas industry body and co-regulator under the Gas Act. Its role is to:

- develop arrangements, including regulations where appropriate, which improve:
 - the operation of gas markets;
 - access to infrastructure; and
 - consumer outcomes;
- develop these arrangements with the principal objective to ensure that gas is delivered to existing and new customers in a safe, efficient, reliable, fair and environmentally sustainable manner; and
- oversee compliance with, and review such arrangements.

Gas Industry Co is required to have regard to the Government's policy objectives for the gas sector, and to report on the achievement of those objectives and on the state of the New Zealand gas industry.

Gas Industry Co's corporate strategy is to 'optimise the contribution of gas to New Zealand'.