

Consultation on options to address three TOU submission errors

1. Introduction and purpose

This paper considers whether Gas Industry Co (GIC) should direct the Allocation Agent to perform special allocations pursuant to rule 51 of the Gas (Downstream Reconciliation) Rules 2008, following the notification of three TOU submission errors affecting five gas gates (GTA03610, GIS07810, TUK06502, WKU16901 and GMM08001). It also considers whether to correct any annual UFG factors impacted by the errors.

In accordance with rules 51 and 46A, and with the [Guideline Note on Special Allocations](#), GIC invites feedback from allocation participants on whether special allocations and AUFG corrections should be issued.

1.1 Background

Genesis May 2020 under-submission

An error occurred in Genesis's May 2020 GAS050 submission file. Incorrectly formatted data resulted in commas causing values over 1,000 GJ to be incorrectly recorded. This affected four TOU ICPs across three gas gates (GTA03610, GIS07810 and TUK06502).

OnGas May 2020 under-submission

An error in OnGas's system resulted in no usage being submitted for WKU16901 during May 2020. As there is only one ICP connected to this gate, no other participants submitted any usage and no gas was allocated to the gate.

Genesis May and June 2019 under-submissions

A TOU estimation error occurred in Genesis's May and June 2019 submission files for GMM08001. Corrected volumes were submitted by Genesis for June 2019's final allocation, published in July 2020.

1.2 Impact

Genesis May 2020 under-submission

The error affected three gas gates (GTA03610, GIS07810 and TUK06502) and resulted in the allocation system recording an under-submission of 52,511 GJ across these gates for the initial allocation in May 2020. This caused incorrect allocated quantities to be published. Across these gates thirteen retailers were trading during the affected period and their allocated quantities were impacted as a result of the error. The next allocation stage for May 2020 is the interim allocation, expected mid-September 2020.

The affected period does not impact current or future AUFG factors.

Table 1: Difference in submitted volumes and corrected volumes for Genesis in May 2020

Gas Gate	Volume submitted by GEND for May 2020 (GJ)	Corrected GEND volume for May 2020 (GJ)	Difference (GJ)
GTA03610	96,078	144,451	48,373
GIS07810	23,394	26,509	3,115
TUK06502	23,157	24,180	1,023

OnGas May 2020 under-submission

OnGas's error resulted in no gas usage being submitted for WKU16901 (an under-submission of 1,728 GJ). This caused WKU16901 to not be included in the published allocated quantities. There was only one retailer trading at WKU16901 during the affected period and so no other retailers were impacted by the error. Further to this, although the allocation system did not allocate gas at WKU16901, the D+1 model allocated all the gas consumed at the gate to OnGas, and it was these D+1 allocations that First Gas used in its monthly billing for May.

The affected period does not impact current or future AUFG factors.

Genesis May and June 2019 under-submissions

The third error affected GMM08001 and resulted in the allocation system recording an under-submission of 3,772 GJ for May 2019. This caused incorrect allocated quantities to be published. There were ten retailers trading during the affected period and their allocated quantities were impacted as a result of the error. The final allocation for May 2019 occurred in June 2020 and unless a special allocation is directed there will be no further allocations for this period. An under-submission also occurred for June 2019 however, corrected volumes were submitted by Genesis in time for its final allocation in July 2020.

May and June 2019 were two of the months used in the calculation that determined the AUFG factors for the upcoming gas year (1 October 2020 to 30 September 2021). These were published in June 2020 in the GAR090 report. The AUFG published for GMM08001 is 1.012 and it is estimated that the correction of this error would update AUFG to 1.004, a movement of 0.008.

Table 2: Estimated difference between published and corrected allocated quantities at GMM08801 for May 2019

Participant code	Published allocated quantity	Corrected allocated quantity	Difference (GJ)
CTCT	4,123	3,474	-649
GEND	5,331	9,144	3,813
GENG	5,273	4,444	-829
GEOL	393	331	-62
GMTH	18,468	18,468	-
GNGC	4,643	4,582	-61
GNVG	11,066	9,921	-1,145
MEEN	942	794	-148

Participant code	Published allocated quantity	Corrected allocated quantity	Difference (GJ)
PUNZ	84	71	-13
SULG	3	2	1
TRUS	5,754	4,849	-905

2. Analysis

2.1 Special allocations

Before considering a special allocation, rule 51 of the Rules requires GIC to determine the current allocation results as sufficiently unfair after considering any commercial reasons for retaining current results. The current guidelines for determining if allocations are sufficiently unfair, include materiality thresholds of whether:

- there is a change in a retailer's allocated quantity at an allocated gate of more than 1,000 GJ;
- there is a change in a retailer's total allocated quantities across all allocated gas gates of more than 2,000 GJ; and
- there are any other matters including financial impacts that, in the particular, circumstances surrounding the error and its effect, the correction of that error is reasonably considered to result in a materially different allocation.

2.2 AUFG corrections

As per the guideline note for correcting an AUFG factor under rule 46A, corrections are justified and may be made where:

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

2.3 Initial view

Genesis May 2020 under-submission

For the Genesis May 2020 under-submission GIC is comfortable that the threshold for a special allocation has been met (see 2.1). However, given the interim allocation is expected mid-September, and the consultation for this does not end until 2 September, GIC does not see that a special allocation would benefit affected parties.

GIC is proposing waiting for the interim allocation to address the harm caused by Genesis's May 2020 submission error.

OnGas May 2020 under-submission

Given there is no impact from this under-submission error GIC is proposing waiting for the interim allocation in mid-September to address the error.

Genesis May and June 2019 under-submissions

For Genesis's May 2019 under-submission GIC is comfortable that the threshold for a special allocation has been met (see 2.1) and considers a special allocation appropriate given the final allocation for this period occurred in June 2020 and unless a special allocation is directed the harm will not be addressed.

This error also affected the AUFG calculations for the upcoming gas year. Although the estimated AUFG correction does not meet the threshold as per the guideline note (see 2.2), GIC considers that a correction is still warranted. The estimated movement of 0.008 is slightly under the threshold however, GIC still considers it a substantial improvement. Further to this, the gas year affected has not started yet (1 October 2020 to 30 September 2021) and so the correction would be a relatively simple undertaking and would not require the consideration of special allocations.

3. Consultation

GIC's initial view is to direct a special allocation for May 2019 and correct GMM08001's AUFG factor for the upcoming gas year, 1 October 2020 to 30 September 2021. This is GIC's initial position only and is dependent on stakeholder feedback. It is important retailers give an indication of whether there are financial or other commercial drivers that will influence GIC's assessment of the unfairness of the submission errors. We request any retailer with a view to contact us via submission.

The deadline for submissions is close of business on 2 September 2020

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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'.