

Allocation Agent

Self Review Performance Report

August 2010

This report contains a monthly self review of performance of the Allocation Agent operations. This is conducted in accordance with rule 12 of the Gas (Downstream Reconciliation) Rules 2008.

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1. Introduction

1.1 Purpose

This report is a monthly self review of the allocation agent function performed by NZX Energy under contract to the Gas Industry Co. The review is conducted in accordance with rule 12 of the Gas (Downstream Reconciliation) Rules 2008.

1.2 Contact Details

The following is a list of contact details for further information or questions pertaining to this report:

Management Inquiries

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Allocation Operations

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2. Self Review Report

2.1 Allocation Agent Operations

The review period for this report is August 2010, and the allocations performed during this month.

The principle activities undertaken by the allocation agent during the month were:

- The allocations performed were: initial allocation for July 2010, interim allocation for April 2010 and final allocation for July 2009.
- At the request of the Rulings Panel and GIC, the allocation agent re-calculated the AUFG factors for the 2008/2009 and 2009/2010 gas year, using revised consumption data from E-Gas.

July 2010 Initial Allocation incidents

- The GAR130 zip file was successfully uploaded on 6 August 2010. Two gas gates fell outside of OATIS tolerance limits: Edgumbe DF EGC30701 (1.772GJ) and GTA03610 (0.202GJ). Edgumbe fell outside of tolerance because retailers submitted zero TOU consumption for 02/07/10 and 11/07/10.
- Three GAS040 re-submissions were received from a retailer between 4:50-5:00pm on 5 August 2010.
- A second allocation run was performed, and the total net UFG is 49,409GJ for the July 2010 initial allocation. This is a substantial reduction from the June 2010 initial allocation figure of 126,931GJ.
- The main increases/decreases were:

Gas Gate	Jul 10 Initial	Jun 10 Initial	Difference	% change
GTA03610	33,428	28,092	5,336	19
PAU20101	-507	1,700	-2,208	-130
GTT07701	749	3,229	-2,480	-77
GTK19101	-734	1,846	-2,580	-140
KKI23701	-2,910	145	-3,054	-2,111
GTW06910	1,200	5,292	-4,092	-77
ROT08101	2,552	6,715	-4,163	-62
NPL12101	3,661	9,692	-6,030	-62
PLN24201	-2,551	7,290	-9,841	-135
GTH11301	3,318	20,329	-17,011	-84
BEL24510	-9,561	8,674	-18,235	-210

- Belmont BEL24510 has the highest negative UFG, -9,561GJ. This is due to large increases in consumption quantities submitted by retailers, which amounted to approximately 39,000GJ in total.

April 2010 Interim Allocation incident updates

- There were 85 gas gates with allocation amendments in the interim allocation run. 12 of these gas gates had amended injection quantities. The largest change in injection was at Te Kuiti North TKN17001 (-551GJ).
- Total net UFG increased from the initial allocation figure of 21,852GJ to 43,868GJ for the interim allocation.

The main changes in UFG were (GJ):

Gas Gate	Apr 10 Interim	Apr 10 Initial	Difference	% change
GTA03610	16,079	9,356	6,723	72
WAG21501	1,024	-3,920	4,944	126
TWA35610	2,505	-702	3,207	457
GTT07701	1,563	-1,221	2,784	228

- The highest negative UFG was at Whakatane WHK32101 (-1,290GJ).
- The GAR130 zip file was successfully uploaded into OATIS on 17 August 2010. The Greater Auckland gas gate GTA03610 fell outside of OATIS tolerance limits by 0.107GJ.

July 2009 Final Allocation incident updates

- Total net UFG is 83,354GJ, down from the net interim allocation figure of 103,088GJ. The main decreases were:

Gas Gate	Jul 09 Final	Jul 09 Interim	Difference	% change
GTA03610	26,993	32,319	-5,326	-16
BEL24510	1,478	8,867	-7,389	-83

- The highest negative UFG was at Lake Alice LAB20201 (-483GJ).
- Gas gate allocation data was loaded successfully into OATIS on 23 August 2010. No gas gates fell outside of OATIS tolerance in this allocation.
- 86 gas gates had amended allocation quantities. 11 of these had amended injection. The largest change in injection was 23GJ at Te Horo TTHO22701.

As-billed information Incident Report (Business requirement No. 6):

Consumption Period	Participant	Notification Type	Date	Details
July 2010	GNVG	As-Billed	16-Aug-2010	Submission at RAG33401 has no trading notification

The allocation agent notified the following alleged breach incidents to the Market Administrator:

Ref#	Date	Rule	Allocation	Participant	Details
2010-240	5-Jul-10	39.2.3	Jul-10 I	GNGC	Late T/N for a TSO contract
2010-241	12-Aug-10	31.1, 32.1	Apr-10 I & M	GNVG	Inaccurate TOU data for Apr-10 initial & interim at FLD03001
2010-245	16-Aug-10	52.2.1	Jul-10 I	GENG	Late GAS070 submission
2010-250	Various	39.2.3, 52.2.1, 31	Jul-10 I	GNVG	Late T/N & no initial consumption at KKI23701, late GAS070 submission

Estimated Time of Use data:

Under rules 31.1, 32.1 and 33.1, consumption data supplied for allocation groups 1 and 2 should be actual daily energy quantities. The following are alleged breaches of this rule:

Ref#	Date	Rule	Allocation	Participant	Gas Gates Affected
2010-236	5-Aug-10	31.1	Jul-10 I	GMTH	GTA03610
2010-237	5-Aug-10	31.1	Jul-10 I	GNGC	BEL24510, GTA03610, WTT20301
2010-238	5-Aug-10	31.1	Jul-10 I	GEND	KIH19101
2010-239	5-Aug-10	31.1	Jul-10 I	GNVG	BMC17901, DAN05001, HST05210, LAB20201, WST03610
2010-242	12-Aug-10	32.1	Apr-10 M	GNVG	PAP06610
2010-243	12-Aug-10	32.1	Apr-10 M	CTCT	MNA23402
2010-244	12-Aug-10	32.1	Apr-10 M	EDNZ	TWA35610
2010-246	19-Aug-10	33.1	Jul-09 F	EDNZ	PAP06610
2010-247	19-Aug-10	33.1	Jul-09 F	GEND	HEN74101
2010-248	19-Aug-10	33.1	Jul-09 F	GNGC	GTA03610, HAR11801, TUK06501, WAG21501, WHG07501
2010-249	19-Aug-10	33.1	Jul-09 F	GNVG	BEL24510, HEN74101, NPL12101, PAP06610, WST03610

Accuracy of Consumption information:

Alleged breaches of rule 37, accuracy of consumption information for initial allocation, have been reported to the market administrator as follows in the below table for the July 2009 consumption period.

Refer to the notice of determinations by the industry body (Gas Industry Co) under the Gas (Downstream Reconciliation) Rules 2008, version 1.2 dated 30 September 2009.

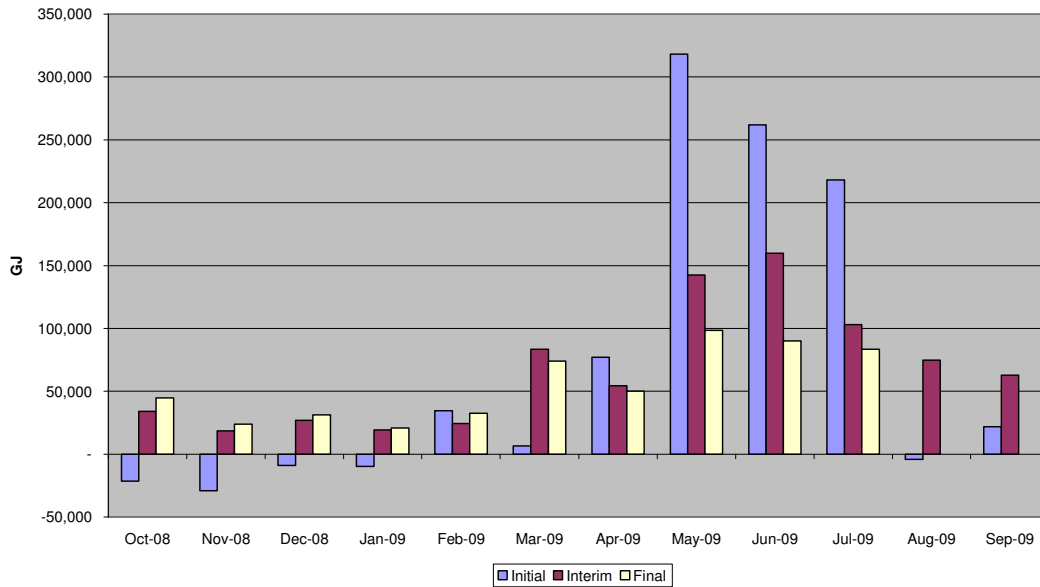
Ref#	Date	Consumption period	Participant	No. of Gas Gates outside $\pm 15\%$
2010-	19-Aug-10	Jul-09	CTCT	25
2010-	19-Aug-10	Jul-09	EDNZ	4
2010-	19-Aug-10	Jul-09	EGLT	21
2010-	19-Aug-10	Jul-09	GENG	39
2010-	19-Aug-10	Jul-09	MEEN	10
2010-	19-Aug-10	Jul-09	AGCL	7
2010-	19-Aug-10	Jul-09	EGAS	1
2010-	19-Aug-10	Jul-09	GNGC	18
2010-	19-Aug-10	Jul-09	GNVG	1
2010-	19-Aug-10	Jul-09	BOPE	6

UFG

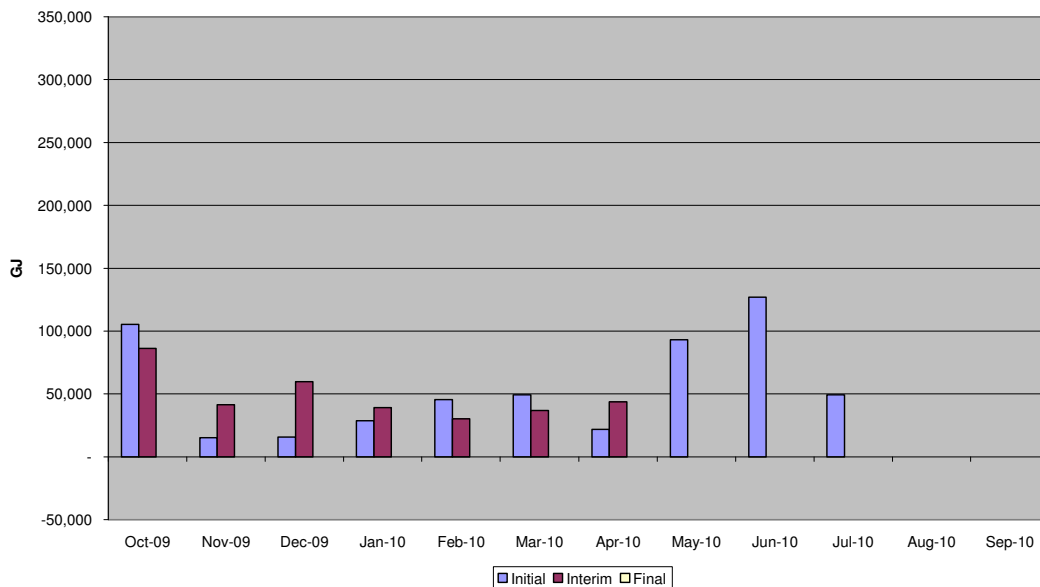
The below graphs illustrate UFG to date, and in the most recent consumption month.

The 'Total Net UFG by month' shows total net UFG per allocation to date. Where there has been a special allocation, the UFG for the special supersedes the initial or interim and is shown below. For example, the total UFG below shown for the April initial allocation is actually the total UFG from the April special allocation.

Total Net UFG by Month (Oct-08 to Sep-09)

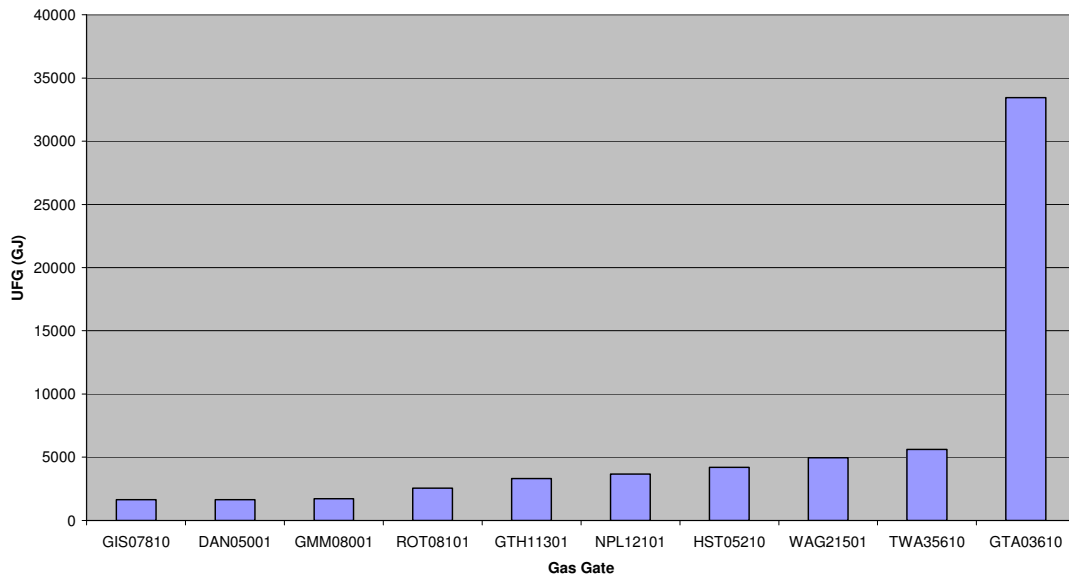


Total Net UFG by Month (Oct-09 - ongoing)

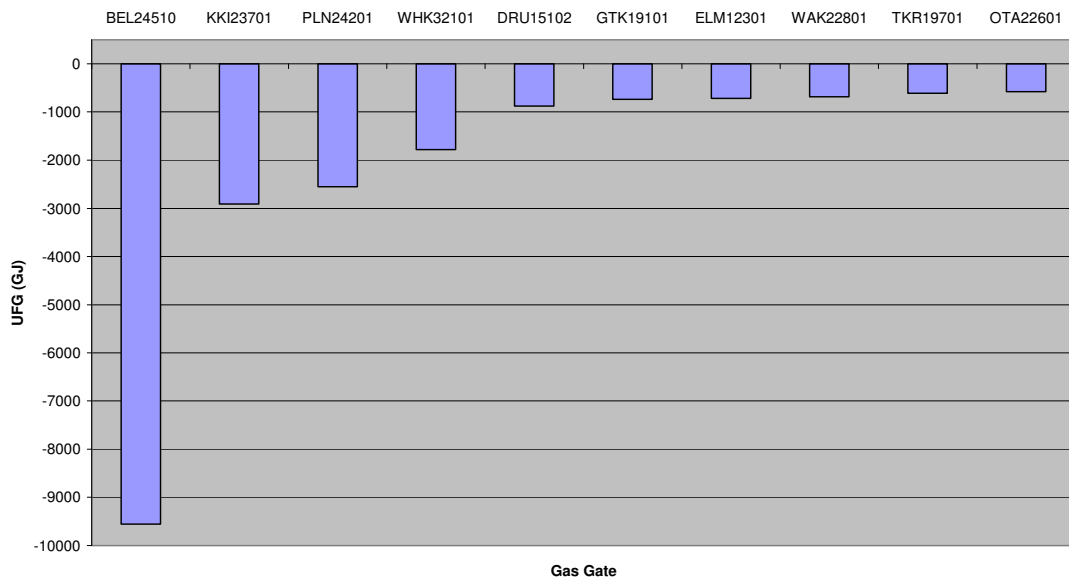


The two graphs below show the top ten positive and negative UFG gas gates for the most recent initial allocation performed.

July 2010 Initial Allocation - Positive UFG



July 2010 Initial Allocation - Negative UFG



Rule Compliance

To the best of its knowledge, the allocation agent complied with all rules during the review period. Non-compliance or problems in respect of allocation agent obligations under the Rules are detailed in the table below.

2.2 Service Provider Agreement Compliance

For the review month, there were no instances of non-compliance with the service provider agreement.

Agreement Reference	Description

2.3 Performance Standards

The following tables detail allocation agent performance against agreed performance indicators.

Allocation System Performance

Performance Standard	Achieved	Corrective Action
Allocation System available to Allocation Participants 99.5% of the time on a 24/7 basis	✓	
Unplanned downtime less than 0.2% of time	✓	
Every accepted transfer of information recorded in the expected manner	✓	
The capacity parameters set out in Schedule 2 are achieved	✓	

Ongoing Operations Performance

Performance Standard	Achieved	Corrective Action
100% adherence to rulebook timelines	✓	
Information updated on website within one Business Day of becoming available for updating	✓	
All allocations made are correctly calculated, i.e. in accordance with the rules, and accurate	✓	
All reports contain the required information and are securely directed to the right participant	✓	
All reports required to be published are published and are publicly available	✓	

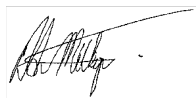
Management Reporting Performance

Performance Standard	Achieved	Corrective Action
Incident report provided within the timeframes specified in paragraph 1.13(b) and (c) of Schedule 1	✓	
Monthly reports provided within 5 Business Days of the end of each month	✓	
Annual reports provided within 20 Business Days of the end of each Financial Year	n/a	

2.4 Overall Comment

August 2010 was business as usual for the allocation agent. All three allocations were successfully run and published. UFG levels were relatively low for the July 2010 consumption period.

GIC was invited to NZX this month to observe the allocation agent run and publish the July 2009 final allocation. The allocation agent audit will soon be underway as required by the Gas (Downstream Reconciliation) Rules 2008.



Ashley Milkop