



Allocation Agent

Self Review Performance Report

February 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.

Table of Contents

| | | |
|-----------|--|----------|
| 1. | Introduction | 3 |
| 1.1 | Purpose..... | 3 |
| 1.2 | Contact Details..... | 3 |
| 2. | Self Review Report..... | 4 |
| 2.1 | Allocation Agent Operations | 4 |
| 2.2 | UFG | 7 |
| 2.3 | Rule Compliance..... | 9 |
| 2.4 | Service Provider Agreement Compliance..... | 9 |
| 2.5 | Performance Standards | 9 |
| 2.6 | Overall Comment..... | 10 |

1. Introduction

1.1 Purpose

This report is a monthly self review of the allocation agent function performed by M-co 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 Matters

Ashley Milkop, Energy Services Manager 498 2184

Allocation Operations

Tessa Nguyen, Market Operations Analyst 498 0056

2. Self Review Report

2.1 Allocation Agent Operations

The review period for this report is February 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 January 2010, interim allocation for October 2009 and final allocation for January 2009.
- The newly commissioned gas gate, Hunua 3 HUN15303, was added to the system on 8 February 2010. An urgent exemption has been granted for this gas gate.

January 2010 Initial Allocation incidents

- No gas gates were allocated outside of OATIS tolerance limits.
- Two gas gates had zero injection files: Oroua Downs ORD24701 and Paekakariki PAE23001. Oroua Downs had zero consumption data submitted by retailers. Paekakariki had a total of 3.387GJ consumption submitted.
- Total net UFG is 28,841GJ for the January 2010 initial allocation.
- The largest increases in UFG since the December 2009 initial allocation are at Greater Auckland GTA03610 (an increase of 3,111GJ) and Te Puke TPK33301 (an increase of 1,327GJ). For Te Puke, UFG is the highest since October 2008, 1,824GJ.
- Whakatane WHK32101 has higher negative UFG than all the previous allocations (-2,342GJ). Although consumption and injection quantities both increased at this gas gate, the increase in injection was not high enough to offset the increase in total consumption.
- UFG at Edgecumbe DF EGC70301 has not improved much since the December 2009 initial allocation. Edgecumbe DF currently has the highest negative UFG among all the gas gates (-2,638GJ).

October 2009 Interim Allocation incident updates

- There are a total of 86 gas gates with allocation amendments in the interim allocation run. 17 of these gas gates have amended injection quantities. The largest change in injection was at Tawa A TWA16501 (-1,322GJ). Due to a meter exchange and testing, a sixty day correction was required for Tawa A. This caused changes to data for August, September and October 2009 (1st to 6th October only).

- The interim report sees mostly decreases in UFG across the gas gates since the initial allocation. Total net UFG decreased from 105,317GJ in the initial allocation, to 87,467GJ in the interim allocation.

The most significant changes in UFG were at the following gas gates (GJ):

| Gas Gate | Interim UFG | Initial UFG | Difference |
|----------|-------------|-------------|------------|
| GTA03610 | 32,688 | 46,541 | -13,853 |
| GTH11301 | 3,952 | -1,748 | 5,700 |
| HST05210 | 2,576 | 4,629 | -2,053 |
| ROT08101 | 2,782 | 1,755 | 1,028 |
| TWA35610 | 12,676 | 16,440 | -3,764 |

While UFG improved at many of the gas gates (for examples, GTA03610 and TWA35610), it increased at GTH11301 and ROT08101. Lower consumption quantities for some retailers were the main reason for this worsening of UFG.

- No gas gates fell outside of OATIS tolerance limits in this allocation.

January 2009 Final Allocation incident updates

- The January 2009 final allocation was published on Tuesday 23 February 2010 without incident.
- Total net UFG of the allocation is 20,852GJ, up from the net interim allocation figure of 19,323GJ. The most significant increase in UFG, since the interim allocation published in May 2009, is at Greater Auckland GTA03610 (an increase of 7,571GJ UFG). A couple of retailers at this gas gate had noticeably lower consumption quantities than what they submitted in the interim.
- Gas gate allocation data was loaded successfully into OATIS on 23 February 2010. The Greater Auckland gas gate, GTA03610, fell outside of OATIS tolerance limits by 0.125GJ.
- 86 gas gates had amended allocation quantities. 12 of these had amended injection. The largest change of injection was -87GJ at Pauatahanui 2 PAH23101.
- Two gas gates had zero injection files for January 2009: Paekakariki PAE23001 and Pungarehu 2 PGH15901. Paekakariki had zero consumption files submitted by retailers, and Pungarehu 2 had 1.78GJ.

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

| Reference | Date | Rule | Allocation | Participant | Gas Gates Affected/Details |
|-----------|-----------|--------|------------|-------------|--|
| 2010-62 | 16-Feb-10 | 52.2.1 | Jan-10 I | GNVG | No as-billed data was submitted for GNVG's by-pass gas gates: FLB15601, HST05203, HUN15302, HWA20802, TWB24810 |
| 2010-66 | 19-Feb-10 | 41.2 | Jan-09 F | VCTX | VCTX submitted late injection data for Jan 09 final allocation |
| 2010-53 | 4-Feb-10 | 39.2.3 | Jan-10 I | GNGC | GNGC submitted late notification to end trade at WTA16501, CAM17201 and IGW11901 |
| 2010-55 | 4-Feb-10 | 39.2.3 | Jan-10 I | GNVG | GNVG submitted late notification to end trade at PTA20901 |

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:

| Reference | Date | Rule | Allocation | Participant | Gas Gates Affected |
|-----------|-----------|------|------------|-------------|--|
| 2010-54 | 5-Feb-10 | 31.1 | Jan-10 I | GNGC | GTA03610, HST05210 |
| 2010-56 | 5-Feb-10 | 31.1 | Jan-10 I | GNVG | DAN05001, NPL12101, MMU08001 |
| 2010-57 | 5-Feb-10 | 31.1 | Jan-10 I | GMTH | GMM08001 |
| 2010-58 | 5-Feb-10 | 31.1 | Jan-10 I | CTCT | PAP06610, NPL12101 |
| 2010-60 | 12-Feb-10 | 32.1 | Oct-09 M | CTCT | NPL12101, PAP06610 |
| 2010-61 | 12-Feb-10 | 32.1 | Oct-09 M | GNGC | LNB24301, GTA03610 |
| 2010-63 | 19-Feb-10 | 33.1 | Jan-09 F | EDNZ | HEN74101, NPL12101 |
| 2010-64 | 19-Feb-10 | 33.1 | Jan-09 F | GEND | HEN74101, PUK04201 |
| 2010-65 | 19-Feb-10 | 33.1 | Jan-09 F | GNGC | GTH11301, FLD03001, DAN05001, ROT08101, GTA03610 |

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 January 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.

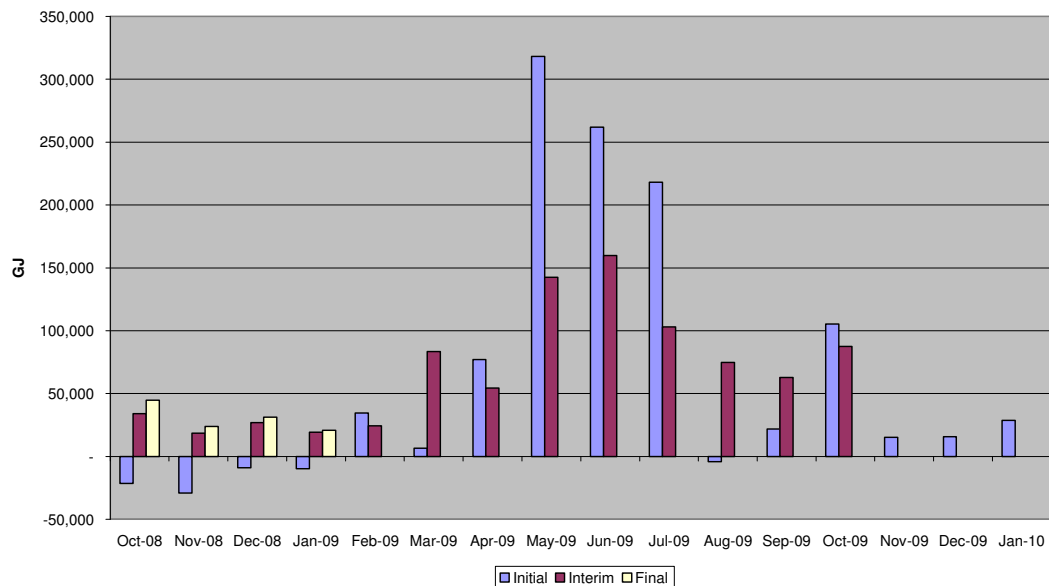
| Reference | Date | Consumption period | Participant | No Gas Gates outside of +/- 15% |
|-----------|-----------|--------------------|-------------|---------------------------------|
| 2010- | 19-Feb-10 | Jan-09 | AGCL | 10 |
| 2010- | 19-Feb-10 | Jan-09 | BOPE | 6 |
| 2010- | 19-Feb-10 | Jan-09 | CTCT | 28 |
| 2010- | 19-Feb-10 | Jan-09 | EDNZ | 26 |
| 2010- | 19-Feb-10 | Jan-09 | EGLT | 4 |
| 2010- | 19-Feb-10 | Jan-09 | GENG | 52 |
| 2010- | 19-Feb-10 | Jan-09 | GNVG | 4 |
| 2010- | 19-Feb-10 | Jan-09 | GNGC | 1 |
| 2010- | 19-Feb-10 | Jan-09 | MEEN | 19 |

2.2 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.

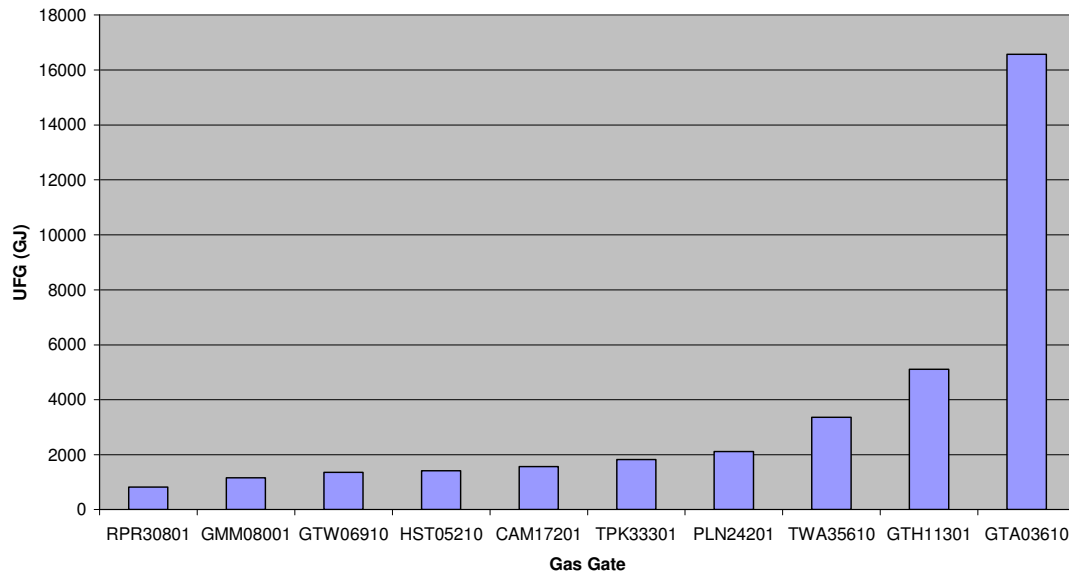
Total Net UFG by Month



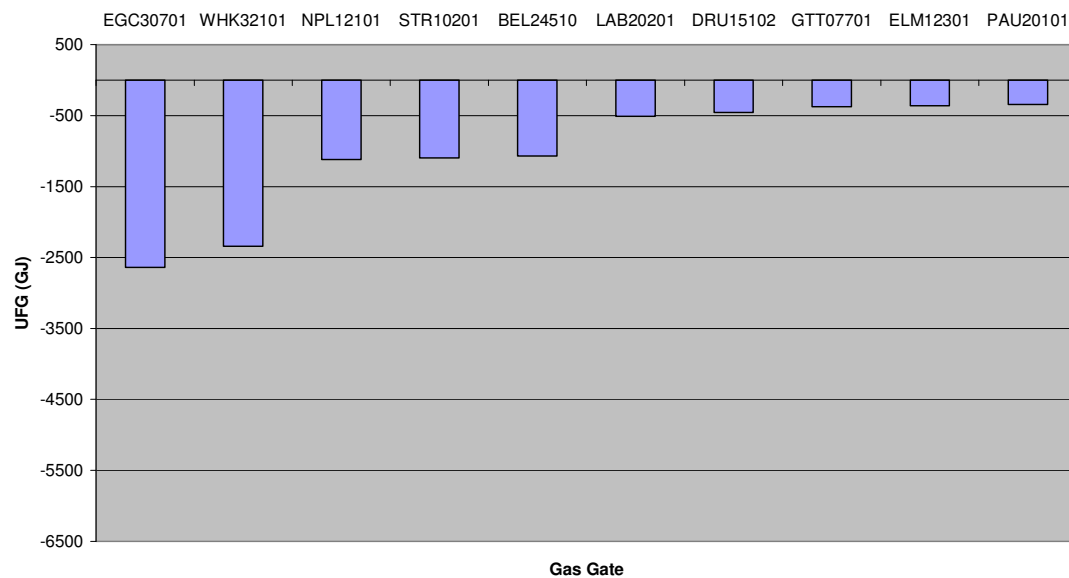


The two graphs below show the top ten positive and negative UFG gas gates for the most recent initial allocation performed.

January 2010 Initial Allocation - Positive UFG



January 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.

| Rule Reference | Description |
|----------------|-------------|
| | |

2.3 Service Provider Agreement Compliance

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

| Agreement Reference | Description |
|---------------------|-------------|
| | |

2.4 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

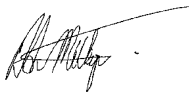
| Performance Standard | Achieved | Corrective Action |
|---|----------|-------------------|
| 100% adherence to rulebook timelines | ✓ | |
| Information updated on website within one Business Day of becoming available for updating | ✓ | |
| All allocations made are correctly calculated, i.e. in accordance 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 | |

2.5 Overall Comment

February 2010 was business as usual for the allocation agent. All allocations were completed without incident. There was improvement in UFG for the October 2009 interim allocation. The January 2010 initial allocation and January 2009 final allocation also produced reasonable UFG figures.



Ashley Milkop
Energy Services Manager