

Allocation Agent

Self Review Performance Report

May 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	9
2.3	Rule Compliance.....	11
2.4	Service Provider Agreement Compliance.....	11
2.5	Performance Standards	12
2.6	Overall Comment.....	13

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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2. Self Review Report

2.1 Allocation Agent Operations

The review period for this report is May 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 April 2010, interim allocation for January 2010 and final allocation for April 2009.
- Vector advised of the decommissioning of Paekakariki PAE23001, effective from 30 June 2010.

April 2010 Initial Allocation incidents

- Genesis Energy did not submit any consumption data at Pauatahanui 2 PAH23101 for the initial allocation, therefore the allocation agent had to estimate the consumption data at this gas gate using the estimation process as set out in rule 43.1.1 of the Gas (Downstream Reconciliation) Rules 2008. The April 2010 initial allocation was published on 7 May 2010 with estimated consumption data for Genesis Energy at Pauatahanui 2.
- The GAR130 zip file was successfully uploaded on 7 May 2010. No gas gates were allocated outside of OATIS tolerance limits.
- Total net UFG is 21,852GJ for the April 2010 initial allocation. This has decreased from the March 2010 initial allocation figure of 51,525GJ.
- The main increases were:
 - Belmont BEL24510 - an increase of 4,535GJ
 - New Plymouth NPL12101 - an increase of 2,888GJ
- The main decreases were:
 - Greater Auckland GTA03610 - a decrease of 14,575GJ
 - Wanganui WAG21501 - a decrease of 4,483GJ
 - Whakatane WHK32101 - a decrease of 1,825GJ
- Gas gates with highest negative UFG in this allocation are Wanganui WAG21501 (-3,920GJ) and Whakatane WHK32101 (-2,016GJ).

January 2010 Interim Allocation incident updates

- For the January 2010 interim allocation, On Gas incorrectly submitted consumption information for six ICPs at the Greater Auckland gas gate GTA03610. On Gas resubmitted consumption files on 14 and 18 May 2010, and the interim allocation was re-published under rule 44.3, on 18 May 2010, to correct the consumption data submitted earlier by On Gas.
- There are a total of 80 gas gates with allocation amendments in the interim allocation run. 11 of these gas gates have amended injection quantities. The largest change in injection was at Greater Kihikihi GTK19101 (32GJ).
- Total net UFG increased from the initial allocation figure of 28,841GJ to 39,255GJ for the interim allocation.

The largest changes in UFG were (GJ):

Gas Gate	Interim UFG	Initial UFG	Difference
BEL24510	2,282	-1,068	3,350
WAG21501	1,059	-93	1,152
TWA35610	4,365	3,368	997

Belmont BEL24510 has the highest increase in UFG (3,350GJ).

- Ramarama RAM15201 has a 325% increase in MUFG (from -1.3 to -5.4), and Kinleith KIN02601 has a 316% increase (from -0.8 to -3.3) due to a reduction in consumption quantities in allocation group 6.
- No gas gates fell outside of OATIS tolerance limits in this allocation.
- Two gas gates had zero injection files for January 2010: Paekakariki PAE23001 and Oroua Downs ORD24701. Paekakariki had zero consumption files submitted by retailers, and Oroua Downs had 0.729GJ.
- Pauatahanui 2 PAH23101 has daily injection with no trading notification. Genesis Energy discovered the ICPs that should have been assigned to Pauatahanui 1 PAH23201, were incorrectly assigned to Pauatahanui 2. Genesis submitted trading notification corrections on 18 May 2010 advising they had ceased to supply gas at Pauatahanui 2 from 31 March 2009, and backdated the notification for Pauatahanui 1 to commence on 01 October 2008 rather than 01 October 2009.

April 2009 Final Allocation incident updates

- The April 2009 final allocation was re-published under rule 44.3, on 24 April 2010, due to a minor processing error with the injection files. The injection data was downloaded from OATIS on 20 April 2010, prior to the first run of the final allocation, but was not uploaded properly into the allocation system. As a result, the first version of the final allocation was published without the latest injection data.
- Total net UFG of the allocation is 49,975GJ, down from the net interim allocation figure of 54,427GJ. The largest increase in UFG is at the Greater Auckland gas gate GTA03610 (4,334GJ or 21%). The largest drop in UFG is at Tawa A TWA35601 (2,351GJ or 30%).
- Gas gate allocation data was loaded successfully into OATIS on 24 May 2010. No gas gates fell outside of OATIS tolerance limits.
- 81 gas gates had amended allocation quantities. 11 of these had amended injection. The largest changes in injection were 361GJ at Te TekoTH30601 and -267GJ at Pauatahanui 2 PAH23101.
- Pauatahanui 2 PAH23101 has daily injection with no trading notification (refer January 2010 Interim Allocation incident updates).

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

Consumption Period	Participant	Notification Type	Date	Details
April 2010	GNGC	As-Billed	06-May-2010	Submission at OKU16701 has no trading notification
April 2010	GNGC	As-Billed	06-May-2010	Submission at HRU16101 has no trading notification
April 2010	GNGC	As-Billed	06-May-2010	Submission at WAG21501 has no trading notification
April 2010	GNGC	As-Billed	06-May-2010	Submission at TPK33301 has no trading notification
April 2010	GNGC	As-Billed	06-May-2010	Submission at MRV16302 has no trading notification

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

Ref#	Date	Rule	Allocation	Participant	Details
2010-146	6-May-10	31	Apr-10 I	EDNZ	Consumption data submitted late on BD4
2010-147	6-May-10	39.2.3	Apr-10 I	EGAS	TN submitted late for PAH23201
2010-148	6-May-10	39.2.3	Apr-10 I	GEND	TN submitted late for TRG07701
2010-163	26-May-10	39.2.3	Apr-10 I	GNVG	TN submitted late for a TSO contract
2010-164	26-May-10	39.2.3	Apr-10 I	GEND	TN submitted late for 2 new TSO contracts
2010-	6-May-10	31	Apr-10 I	GENG	No consumption data was submitted for PAH23101

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
2010-144	6-May-10	31.1	Apr-10 I	CTCT	MNA23402, PAP06610
2010-145	6-May-10	31.1	Apr-10 I	EDNZ	TWA35610
2010-149	6-May-10	31.1	Apr-10 I	GNGC	HAR11801
2010-150	6-May-10	31.1	Apr-10 I	GNVG	PAP06610
2010-154	13-May-10	32.1	Jan-10 M	GNGC	HST05210, GTA03610
2010-155	13-May-10	32.1	Jan-10 M	GNVG	DAN05001, MMU08001, NPL12101
2010-156	13-May-10	32.1	Jan-10 M	CTCT	NPL12101
2010-157	13-May-10	32.1	Jan-10 M	GMTH	GMM08001
2010-158	20-May-10	33.1	Apr-09 F	GNVG	BEL24510, MRV16302, WST03610
2010-159	20-May-10	33.1	Apr-09 F	GNGC	DAN05001, GTA03610, DRU15102
2010-160	20-May-10	33.1	Apr-09 F	CTCT	HEN74101, BMC17901
2010-161	20-May-10	33.1	Apr-09 F	GEND	PAP06610

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 April 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-	24-May-10	Apr-09	CTCT	34
2010-	24-May-10	Apr-09	EDNZ	15
2010-	24-May-10	Apr-09	EGLT	18
2010-	24-May-10	Apr-09	GENG	35
2010-	24-May-10	Apr-09	MEEN	16
2010-	24-May-10	Apr-09	AGCL	6
2010-	24-May-10	Apr-09	EGAS	3
2010-	24-May-10	Apr-09	GNVG	1
2010-	24-May-10	Apr-09	BOPE	5

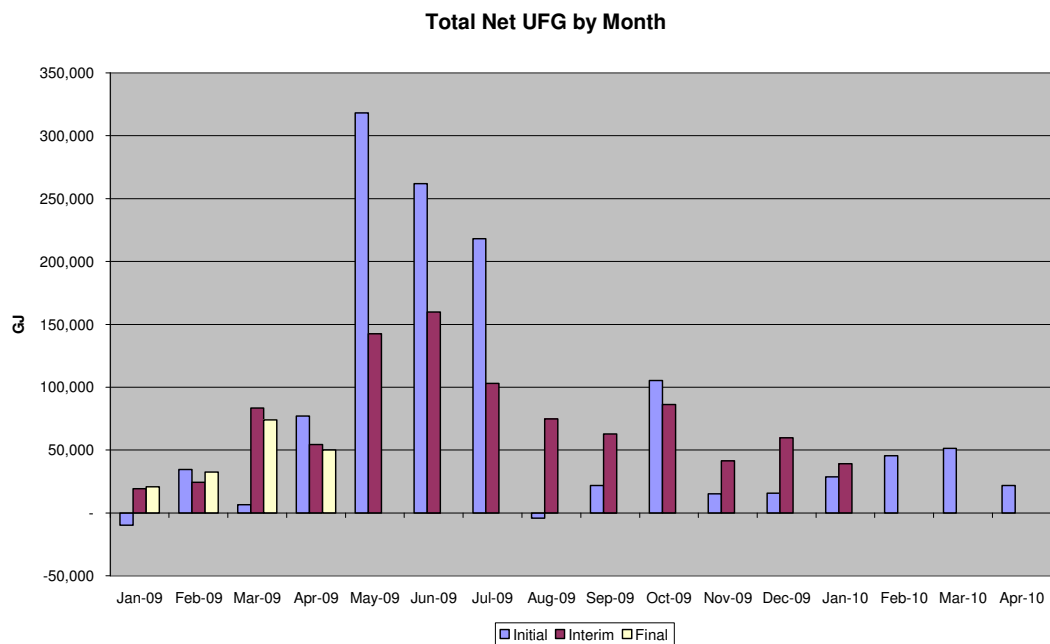
The allocation agent is aware of two participants submitting self-breach reports:

- 2010-143 Rule 31: Nova Gas (GNVG) submitted TOU consumption data on business day 4, one and a half hours after the deadline (uploaded at 06 May 2010 13:37 according to Gas Allocation Portal) for the initial April 2010 consumption month. Under rule 31, consumption information should be submitted no later than 1200 on the fourth business day of the month (6 May 2010) for the initial April 2010 allocation run.
- 2010-151 Rule 32.1: On Gas (GNGC) incorrectly submitted TOU consumption data for 6 ICPs at the Greater Auckland gas gate GTA03610 for the January 2010 interim allocation. The mistake was identified and corrected and a new file resubmitted to the allocation agent on 14 May 2010. Under rule 32.1, consumption information provided to the allocation agent on business day 4 should be the actual daily energy quantities for each consumer installation in allocation groups 1 and 2.

2.2 UFG

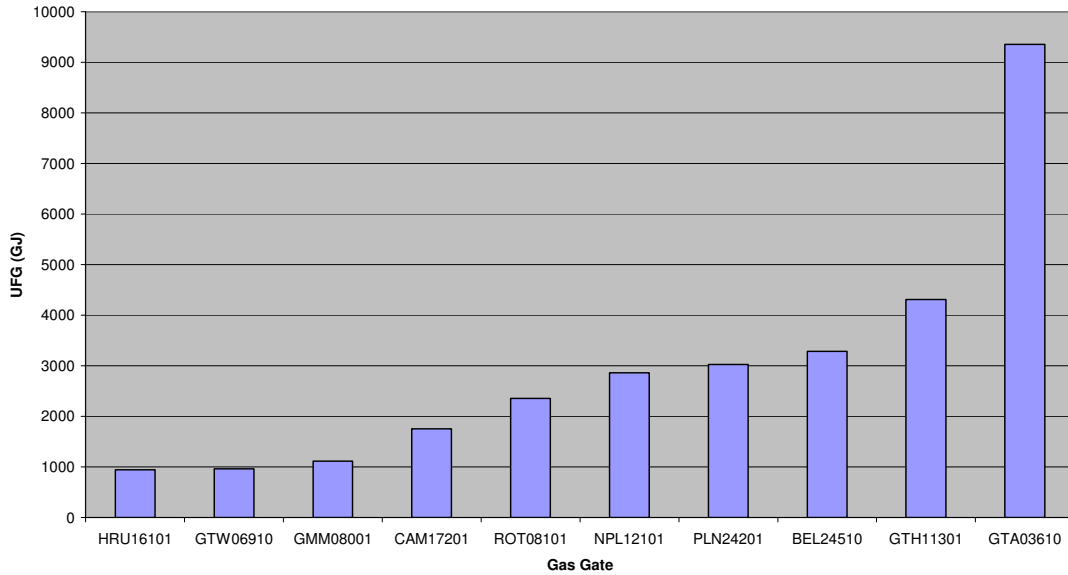
The below graphs illustrate UFG to date, and in the most recent consumption month.

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.

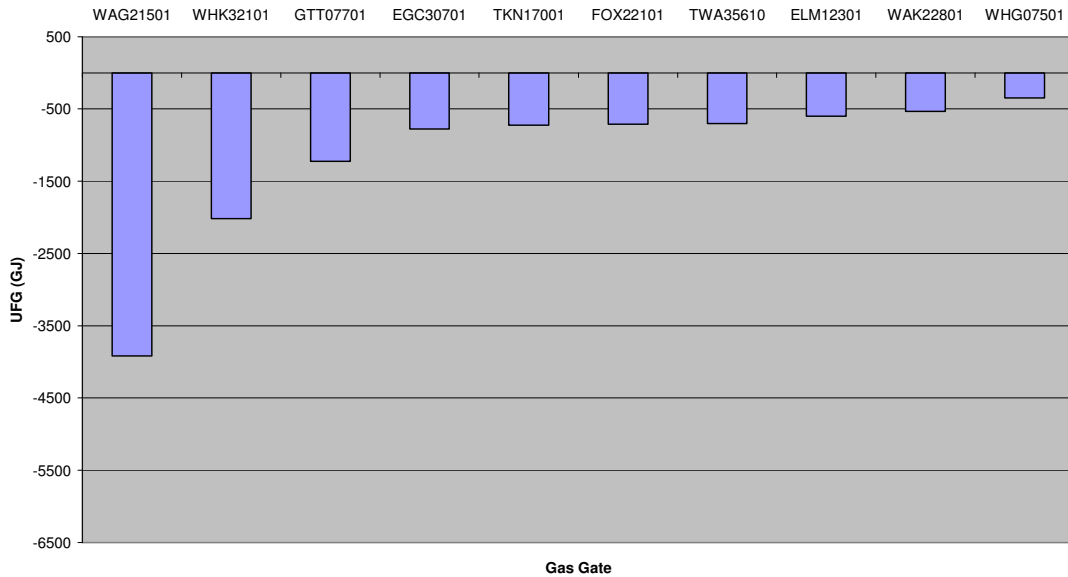


The two graphs below show the top ten positive and negative UFG gas gates for the most recent initial allocation performed.

April 2010 Initial Allocation - Positive UFG



April 2010 Initial Allocation - Negative UFG



Rule Compliance

On 27 May 2010, the allocation agent self-reported a breach of rule 45.2.1 to the market administrator.

Under rule 45.2.1, the allocation agent must receive the actual daily energy quantities injected at each gas gate for each day for that consumption period provided by transmission system owners in accordance with rule 41.

On 20 May 2010 the injection file was downloaded from OATIS for the final April 2009 allocation. The allocation agent attempted to upload the GAS030 zip file into the allocation system, but did not let the files into the system gate. As a result, the final allocation was published at 1136 on 21 May 2010 with the interim injection data and not the latest injection data.

The allocation agent realised the error when it failed to upload the GAR130 zip file into OATIS on 24 May 2010. The injection file was correctly uploaded into the allocation system at 1130 on 24 May 2010, and the allocation agent re-published the final April 2009 allocation at 1500 on the same day under rule 44.3.

On 24 May 2010, in accordance with rule 12.2.1 (b), the allocation agent informed the GIC that the first publication of the final April 2009 allocation was not accurate because the latest injection data was not used, and that it had re-published the final allocation with the correct injection file within the allowed timeframe.

The allocation agent will advise analysts to be more cautious when uploading injection data for future allocations.

Other than this matter, to the best of its knowledge, the allocation agent complied with all other rules during the review period.

2.3 Service Provider Agreement Compliance

For the review month, there was one instance of non-compliance with the service provider agreement. Other than this matter, to the best of its knowledge the allocation agent complied with all other service provider agreement requirements during the review period.

Agreement Reference	Description
Schedule 1: 3.6	The latest injection information from Vector was not used in the first publication of the April 2009 final allocation. The allocation was re-published under rule 44.3 to include the latest injection data.

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

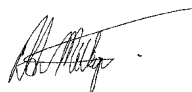
Performance Standard	Achieved	Corrective Action
100% adherence to rulebook timelines	✓	
Information updated on website within one Business Day of becoming available for updating	✓	
All allocations made are correctly calculated, i.e. in accordance with the rules, and accurate	✗	See above
All reports contain 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

May 2010 sees an increase in the number of alleged breaches by participants. The allocation agent dealt with various issues such as incorrect submissions from On Gas for the January 2010 interim allocation, and Genesis submitting trade notification corrections for Pauatahanui 1 & 2. The interim and final allocations were re-published without incident, and the allocation agent self-reported a breach to GIC regarding the processing error that incurred in the first publication of the final allocation.



Ashley Milkop
Energy Services Manager