

Gas (Downstream Reconciliation) Rules 2008 (Exemption DR10-04: Global 1-Month UFG Methodology) Notice 2010

Pursuant to rule 19 of the Gas (Downstream Reconciliation) Rules 2008, Gas Industry Company Limited ("Gas Industry Co"), as the industry body appointed pursuant to s43ZL of the Gas Act 1992, gives the following notice.

Notice

1. Title and commencement

- (a) This notice is the Gas (Downstream Reconciliation) Rules 2008 (Exemption DR10-04: Global 1-Month UFG Methodology) Notice 2010.
- (b) This notice comes into force on 1 October 2010.

2. Interpretation

- (a) In this notice, Rules means the Gas (Downstream Reconciliation) Rules 2008 made by the Minister of Energy under sections 43F, 43Q and 43S of the Gas Act 1992 by notice published in the New Zealand Gazette, as may be amended from time to time.
- (b) Any term that is defined in the Rules and used, but not defined, in this notice has the same meaning as in the Rules.

3. Exemption

The Kiwitahi 2 KIW34202, Pahiatua PHT04901 and Reporoa RPR30801 gas gates are exempted from the application of rules 45.2.3, 46.2.1 and 46.3.2, subject to the following terms and conditions:

- (a) Retailers at these gas gates shall submit their allocation group 1 and 2 consumption data under rules 31, 32 and 33 as allocation group 3 data and this shall be done by submitting the information in accordance with the GAS050 file format determined by Gas Industry Co except that "Allocation Group" shall refer to "3" (rather than 1 or 2) and "Profile code" shall refer to STOU rather than XTOU.
- (b) The allocation agent shall be exempted from applying the process in rule 55 to these gas gates for the establishment of an STOU static deemed profile and instead the allocation agent shall, upon request from Gas Industry Co, create an STOU profile code to apply to these gas gates. The profile code shall be owned by Gas Industry Co and shall be registered by the allocation agent, under rule 56, against the large TOU ICPs at the gas gates in question. All retailers trading at these gas gates shall have permission to use the profile code. The profile code will deem that "static deemed profile" to be the profile on the "monthly UFG factor" calculated in accordance with rule 46.3.2.

- (c) TOU consumer installations at these gas gates will continue to comply with all other allocation group 1 or 2 installation requirements.
- (d) This exemption shall expire on 30 September 2012.
- (e) This exemption replaces the following exemptions which expire on 30 September 2010:
 - (i) *Gas (Downstream Reconciliation) Rules 2008 (Exemption DR08-02-S/DR08-04-S: Global 1-Month UFG Methodology) Notice 2009*
 - (ii) *Gas (Downstream Reconciliation) Rules 2008 (Exemption DR08-24-U: Global 1-Month UFG Methodology) Notice 2008*

4. Reasons for granting the exemption

The reasons for granting the exemption are:

- (a) Given their load, the TOU consumer installations at these gas gates are very likely to play a role in any significant variability in UFG and the previous commercial arrangements already accommodated a variable allocation of monthly UFG. Accordingly, it is considered that the proposed global 1-month UFG methodology would be a fairer and more appropriate allocation methodology at these gas gates than the methodology set out in the Rules.
- (b) The exemption granted achieves the desired outcome of the global 1-month UFG methodology without incurring the significant system implementation costs.
- (c) The exemption allows a continuation of the status quo whilst Gas Industry Co reviews the Rules. This review will include consideration of how the global 1-month UFG methodology should be treated under the Rules.

DATED at Wellington this 1st day of October 2010.

For and on behalf of Gas Industry Company Limited:

IAN WILSON, Acting Chief Executive.