

## **Allocation Agent**

### **Self Review Performance Report**

**January 2011**

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

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### 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

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### 2.1 Allocation Agent Operations

The review period for this report is January 2011, 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 December 2010, interim allocation for September 2010 and final allocation for December 2009.
- The AUFG factor at Greater Hamilton GTH11301 for the 2010/2011 gas year was re-published on 7 January 2011.

#### December 2010 Initial Allocation incident updates

- Nova Gas submitted its first GAS050 file at 5:38pm on 10 January 2011, over five hours late. Nova Gas has advised the allocation agent it will self-report the breach.
- Energy Direct NZ re-submitted the GAS050 file at 8:52am on 11 January, due to a processing error at Palmerston North.
- The first initial allocation for December 2010 was published on 11 January with revised TOU data from both Nova Gas and Energy Direct.
- Nova Gas re-submitted the GAS050 file several times on the same day, the last file was received at 12:20pm.
- In accordance with rule 44 of the Gas (Downstream Reconciliation) Rules 2008, the allocation agent re-published the initial allocation at 2:30pm on 12 January to include the latest set of TOU data from Nova Gas.
- The GAR130 zip file was uploaded on 12 January 2011 for the second initial allocation. Takapau TKP05101 fell outside of OATIS tolerance limit (0.164GJ).
- Total net UFG is -19,668GJ in the second initial allocation. This is an increase of approximately 2,000GJ from the November 2010 special allocation figure of -21,918GJ.
- The main increases/decreases were:

Gas Gate	Dec 10 Special	Nov 10 Special	Difference	% change
PAU20101	-3,710	-8,361	4,651	56
GTH11301	1,265	-3,138	4,403	140
BEL24510	-2,060	-5,487	3,427	62
PLN24201	-697	1,514	-2,211	-146
TWA35610	-6,129	-3,411	-2,719	-80
HST05210	-55	3,582	-3,637	-102
GTA03610	-771	3,453	-4,224	-122

### September 2010 Interim Allocation incident updates

- The September 2010 interim allocation was published at 18:45 on 18 January 2011 (business day 10). However, a system error was discovered the next morning, which subsequently resulted in the interim being re-published at 18:56 on 19 January. This means the allocation agent has failed to comply with rule 44.3 of the Gas (Downstream Reconciliation) Rules 2008 and Schedule 3(3.6) of the Service Provider Agreement.
- There were 83 gas gates with allocation amendments in the interim allocation run. Three of these were metered gas gates and had amended injection quantities. The change in injection was 5,272GJ at Paraparaumu PAU20101 as a result of a meter correction.
- Total net UFG increased from the initial allocation figure of 44,027GJ to 35,737GJ for the interim allocation.

The main increases/decreases in UFG were (GJ):

Gas Gate	Sep 10 Interim	Sep 10 Initial	Difference	% change
PAU20101	606	-4,628	5,234	113
TWA35610	3,056	-1,630	4,686	287
BEL24510	1,419	-1,420	2,840	200
NPL12101	1,288	5,841	-4,553	-78
GTA03610	11,772	18,053	-6,281	-35
GTH11301	2,175	8,747	-6,572	-75

- The highest negative UFG was at Edgecumbe DF EGC30701 (-2,116GJ).
- The GAR130 zip file was successfully uploaded to OATIS on 20 January 2011. The Greater Auckland gas gate GTA03610 fell outside of OATIS tolerance limits by -0.118GJ.

### December 2009 Final Allocation incident updates

- Total net UFG is 30,115GJ, down from the net interim allocation figure of 59,759GJ.

- The main increases/decreases were (GJ):

Gas Gate	Dec 09 Final	Dec 09 Interim	Difference	% change
GTH11301	3,069	6,779	-3,710	-55
GTA03610	16,637	30,158	-13,521	-45

- The highest negative UFG was at Edgecumbe DF EGC30701 (-2,780GJ).
- Gas gate allocation data was loaded successfully into OATIS on 27 January 2011. The Greater Auckland gas gate GTA03610 fell outside of OATIS tolerance limits by -0.029GJ in this allocation.
- 77 gas gates had amended allocation quantities. 11 of these had amended injection quantities, and are unmetered gas gates.

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

Consumption Period	Participant	Notification Type	Date	Details
December 2010	AGCL	As-Billed	18-Jan-2011	Submission at HST05203 has no trading notification
December 2010	AGCL	As-Billed	18-Jan-2011	Submission at FLB15601 has no trading notification
December 2010	AGCL	As-Billed	18-Jan-2011	Submission at TWB24810 has no trading notification
December 2010	EGLT	As-Billed	17-Jan-2011	Submission at ASH3430 has no trading notification
December 2010	EGLT	As-Billed	17-Jan-2011	Submission at BEL24510 has no trading notification
December 2010	EGLT	As-Billed	17-Jan-2011	Submission at BMC17901 has no trading notification
December 2010	EGLT	As-Billed	17-Jan-2011	Submission at CAM17201 has no trading notification

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

Ref#	Date	Rule	Allocation	Participant	Details
2011-014	10-Jan-11	31, 31.1, 26.2	Dec-10 I	EDNZ	Late re-submission of GAS050
2011-017	19-Jan-11	44.3	Sep-10 M	ALLA	Late re-publication of interim allocation

**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
2011-11	10-Jan-11	31.1	Dec-10 I	GNGC	TWA35610
2011-12	10-Jan-11	31.1	Dec-10 I	GNVG	BMC17901, FLD03001, PLN24201, WST03610
2011-13	10-Jan-11	31.1	Dec-10 I	GMTH	GTA03610
2011-015	17-Jan-11	32.1	Sep-10 M	GNGC	GTA03610, HAR11801, LVN24401
2011-016	17-Jan-11	32.1	Sep-10 M	GNVG	DAN05001, KKI23701, MTN23801, PLN24201, WST03610
2011-	25-Jan-11	33.1	Dec-09 F	CTCT	KAP12901, NPL12101, PAP06610
2011-	25-Jan-11	33.1	Dec-09 F	EDNZ	HST05210
2011-	25-Jan-11	33.1	Dec-09 F	GMTH	GMM08001
2011-	25-Jan-11	33.1	Dec-09 F	GNGC	HST05210, GTA03610
2011-	25-Jan-11	33.1	Dec-09 F	GNVG	MMU08001

### 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 table below for the December 2009 consumption period.

Refer to the notice of determinations by the industry body (Gas Industry Co) under the Gas (Downstream Reconciliation) Rules 2008, version 1.4 dated 30 September 2010.

Ref#	Date	Consumption period	Participant	No. of Gas Gates outside $\pm 12.5\%$
2011-	25-Jan-11	Dec-09	CTCT	42
2011-	25-Jan-11	Dec-09	AGCL	14
2011-	25-Jan-11	Dec-09	EGLT	46
2011-	25-Jan-11	Dec-09	GNVG	7
2011-	25-Jan-11	Dec-09	GENG	46
2011-	25-Jan-11	Dec-09	EDNZ	14
2011-	25-Jan-11	Dec-09	EGAS	1
2011-	25-Jan-11	Dec-09	GNGC	1
2011-	25-Jan-11	Dec-09	MEEN	18
2011-	25-Jan-11	Dec-09	GEOL	4
2011-	25-Jan-11	Dec-09	BOPE	10

### The allocation agent is aware of one participant submitting a self-breach report:

Rule 31.1: Nova Gas (GNVG) submitted TOU consumption data after the 1200 deadline on business day 4 (10 January 2011) for the initial December 2010 consumption month. The allocation agent was notified prior to the deadline that Nova Gas would not be able to provide the TOU data by the expected time. Nova Gas submitted estimated TOU consumption on 10 January 2011 at 1738, and re-submitted the file that contains actual TOU data on 11 January 2011 at 1220.

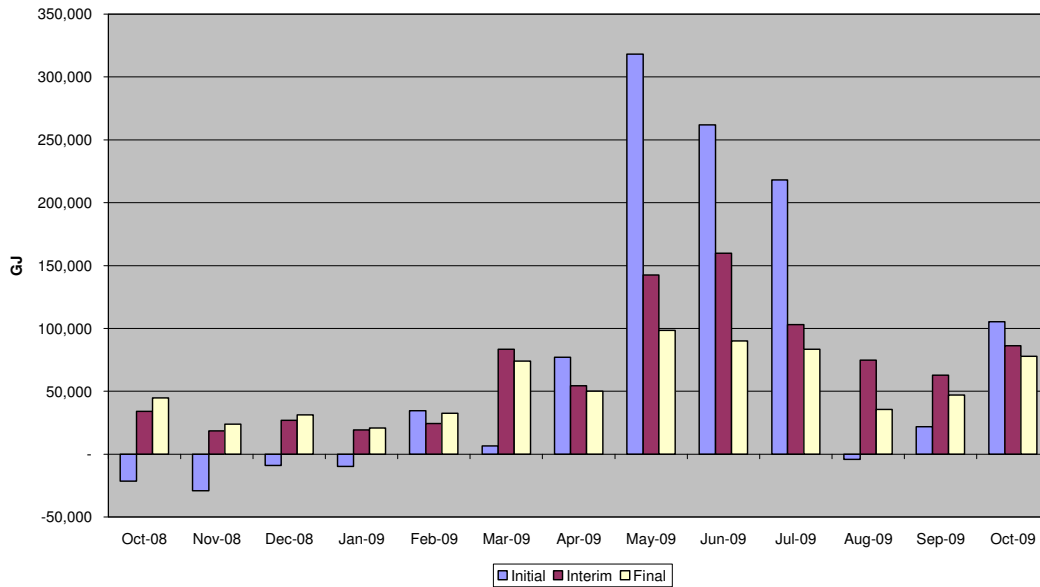
Under rule 31.1, consumption information provided to the allocation agent on the 4th business day of the month should be the actual daily energy quantities for each consumer installation in allocation groups 1 and 2. Under rule 30.3.1, if a retailer is unable to provide actual daily consumption, they must estimate the data, and advise the allocation agent. Under rule 30.3.2, compliance with rule 30.3.1 does not mean the retailer has complied with the requirement to provide actual daily energy quantities.

**UFG**

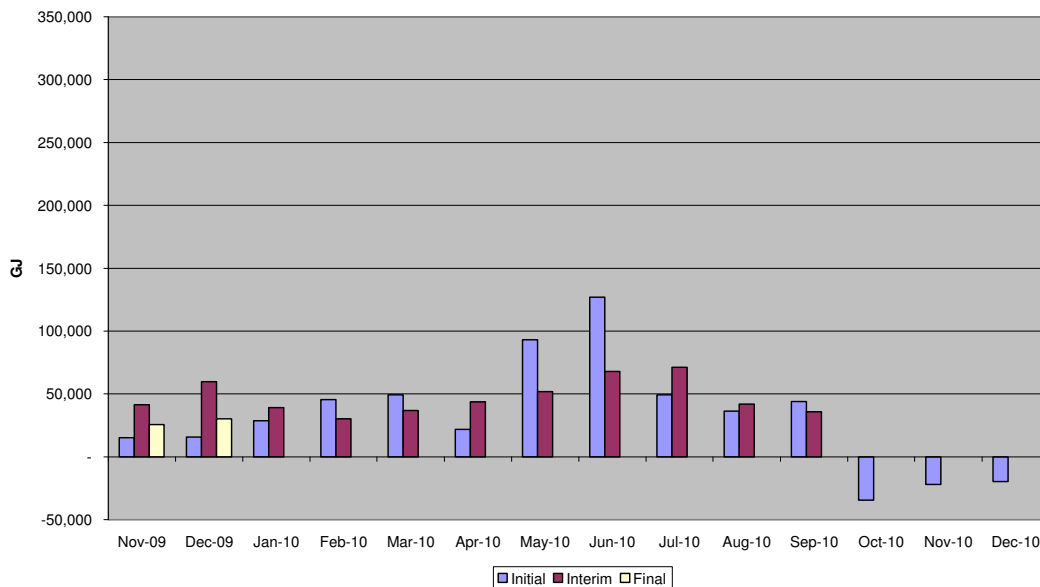
The graphs below illustrate UFG to date, and in the most recent consumption month.

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 Oct-09)**

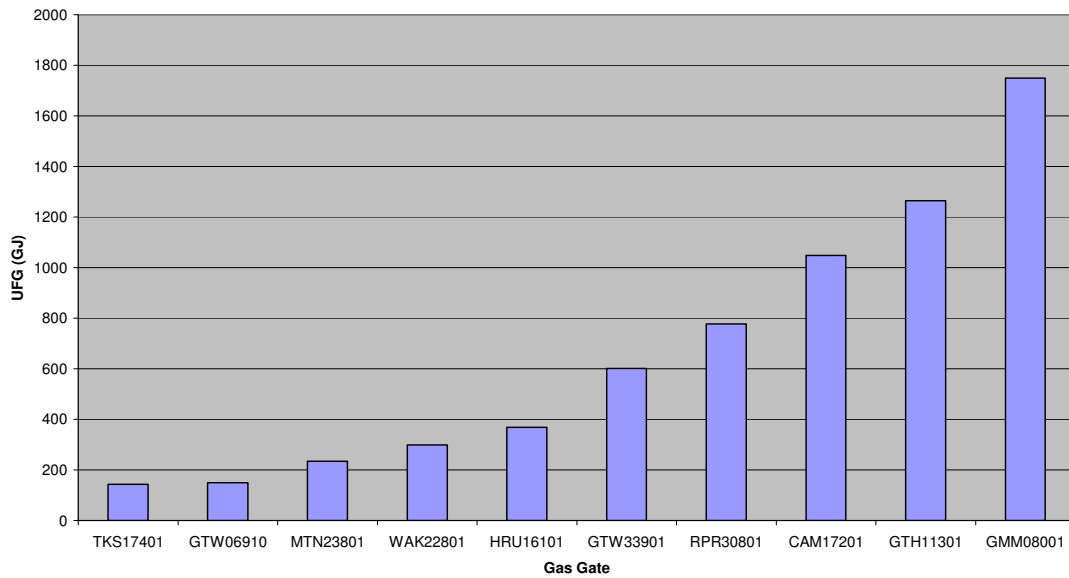


**Total Net UFG by Month (Nov-09 - ongoing)**

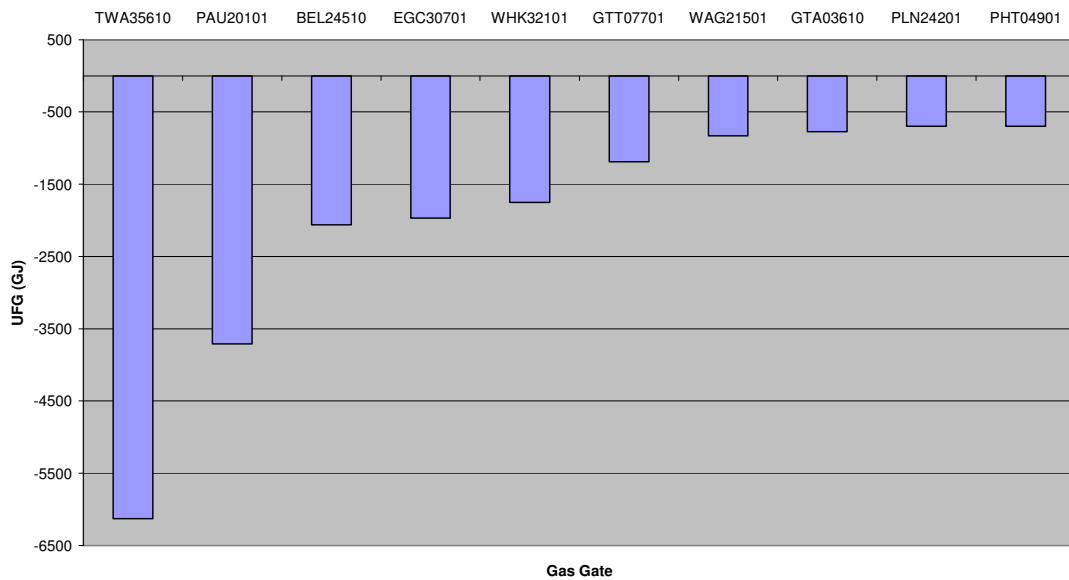


The two graphs below show the top ten positive and negative UFG gas gates for the most recent initial allocation performed.

**December 2010 Initial Allocation - Positive UFG**



**December 2010 Initial Allocation - Negative UFG**



## Rule Compliance

On 21 January 2011, the allocation agent self-reported a breach of rule 44.3 to the market administrator.

Under rule 44.3, the allocation agent may amend any allocation result if, by 1730 hours on the next business day after the allocation result was provided, the allocation makes the amendment and notifies all affected allocation participants of the amended allocation result.

The interim allocation for September 2010 was published at 1845 hours on 18 January 2011 (10th business day) in accordance with rule 49.2. On the next morning, the allocation agent discovered a system error had created duplicate entries in the GAR070 report and incorrectly calculated the daily allocated quantities in the GAR010 reports.

The error experienced relates to multiple AUFG factors at a number of gas gates in the GAR070 report, only one of which was correct. The GAR010 report was affected as the system calculated the daily allocated quantities using the incorrect AUFG factors.

The primary cause of the error was the re-publication of AUFG factor at Greater Hamilton GTH11301 earlier this month. As AUFG factor re-publication was done for the first time, it triggered an error in the allocation process.

The allocation agent corrected the error, but was unable to re-publish the interim allocation by the 1730 hour deadline. The interim was re-published at 1856 hours on 19 January, one and a half hours late. There was no delay in providing the allocation files to Vector, and we believe there has been no market impact from the late re-publication.

The allocation agent has performed a thorough check of the allocation system to ensure the incident will not reoccur.

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

## 2.2 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 3 (3.6)	As per above

## 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	✗	As per above
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

January 2011 was a busy month for the allocation agent with two re-publications of the December 2010 initial and September 2010 interim allocations. A system error following from the re-publication of the AUFG factor at Greater Hamilton was identified during the September 2010 interim allocation. The issue has been resolved and an additional check has been implemented in the internal procedures to ensure the incident will not reoccur.



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