

Allocation Agent

Self Review Performance Report



July 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

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 July 2011, and the allocations performed during this month.

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

- The initial allocation for June 2011, interim allocation for March 2011 and final allocation for June 2010.
- As instructed by GIC, the allocation agent published special allocations for July 2009 to January 2010. The July 2009 special allocation supersedes the final allocation published on 15 July 2009. The special allocations for August and September supersede the final allocations published on the 22 September and the 22 October respectively. The special allocations for October 2009, November 2009, December 2009 and January 2010 supersede the final allocations previously published on 22 November 2010, 22 December 2010, 27 January 2011 and 21 February 2011 respectively.
Note, the GAR130 zip files have not been uploaded to OATIS yet.
- The AUFG factors for the 2011/2012 gas year were published on 1 July 2011. Note, the Annual UFG Factor report (GAR090) published on 30 June 2011 should be disregarded as the latest consumption data for May 10 was not included.
- Web portal outages were scheduled on the 28 July 2011 and 1 August 2011 as minor web portal changes were implemented to improve performance on the Uploads and Downloads screens.

June 2011 Initial Allocation incident updates

- The initial allocation for June 2011 was published on 7 July 2011 without incidents.
- The GAR130 zip file was uploaded on 7 July 2011 for the initial allocation. Three gas gates fell outside of the OATIS tolerance limit, Greater Auckland gas gate (GTA03610) by -0.232GJ, the Edgumbe DF gas gate (EGC30701) by 2.712GJ and Waitotara (WTT20301) by 1.507GJ.
- Total net UFG is 109,266GJ in the June 2011 initial allocation. This is an increase of 71,383GJ from the May 2011 initial allocation figure of 37,883GJ.

- The main increases were:

Gas Gate	Jun 11 Initial	May 11 Initial	Difference	% change
WHK32101	-1,523	-25,905	24,382	94
TWA35610	24,948	3,052	21,896	718
GTA03610	16,233	4,149	12,084	291
GTH11301	19,078	13,183	5,895	45
WAG21501	3,678	-349	4,028	1,153
PLN24201	5,724	2,601	3,123	120
BEL24510	10,384	8,094	2,290	28
LVN24401	1,367	-866	2,233	258
ROT08101	5,079	3,027	2,051	68
ORD24701	-224	3,040	-3,264	-107
PAU20101	-8,533	603	-9,136	-1,515

- Paraparaumu PAU20101 has the highest negative UFG, -8,533GJ. NZX has contacted Vector and this gas gate has been raised as a "possible issue with the meter". Until the meter is removed, tested, and proven to have failed then it is not possible to know for certain if there is an issue.

March 2011 Interim Allocation incident updates

- There were 84 gas gates with allocation amendments in the interim allocation run. Ten gas gates had amended injection quantities, with nine of these being unmetered gas gates.
- Total net UFG decreased from the initial allocation figure of 33,908GJ to 24,252GJ for the interim allocation.

The main decrease in UFG (in GJ):

Gas Gate	Mar 11 Interim	Mar 11 Initial	Difference	% change
BEL24510	1,186	4,784	-3,598	-75

- The highest negative UFG was at Whakatane WHK32101 (-2,146GJ).
- The GAR130 zip file was successfully uploaded to OATIS on 15 July 2011. Greater Auckland GTA03610 fell outside of OATIS tolerance limits -0.142GJ.

June 2010 Final Allocation incident updates

- Total net UFG is 57,622GJ, down from the net interim allocation figure of 67,886GJ.

- The main decreases in UFG (in GJ):

Gas Gate	Jun 10 Final	Jun 10 Interim	Difference	% change
NPL12101	1,640	4,365	-2,725	-62
GTH11301	4,166	8,258	-4,092	-50

- The highest negative UFG was at Whakatane WHK32101 (-2,130GJ).
- Gas gate allocation data was loaded successfully into OATIS on 22 July 2011. The Edgcumbe DF EGC30701 and Waitotara WTT20301 gas gates fell outside of OATIS tolerance by 7.879GJ and 7.069GJ respectively.
- 74 gas gates had amended allocation quantities. 11 of these had amended injection quantities, and 10 are unmetred gas gates.

July 2009 to January 2010 Special Allocation Summary

Consumption Month	Date Published	Net Total UFG Final/Special 1 (GJ)	Net Total UFG Special (GJ)	Difference (GJ)
Jul 09	27 July 2011	83,354	66,664	-16,689
Aug 09	27 July 2011	35,630	32,454	-3,175
Sep 09	29 July 2011	47,210	39,620	-7,590
Oct 09	29 July 2011	77,869	58,319	-19,551
Nov 09	29 July 2011	25,648	27,958	2,310
Dec 09	29 July 2011	30,115	21,462	-8,653
Jan 10	29 July 2011	34,387	32,238	-2,150

- The main decreases (in GJ):

July 2009 Special

Gas Gate	Jul 09 Special	Jul 09 Final	Difference	% change
PLN24201	6,027	8,396	-2,369	-28
TWA35610	13,939	18,460	-4,520	-24
GTA03610	20,253	26,993	-6,740	-25

September 2009 Special

Gas Gate	Sep 09 Special	Sep 09 Final	Difference	% change
TWA35610	1,384	4,031	-2,647	-66

October 2009 Special

Gas Gate	Oct 09 Special	Oct 09 Final	Difference	% change
PLN24201	4,795	8,138	-3,343	-41
GTA03610	25,955	30,413	-4,458	-15
TWA35610	3,964	11,239	-7,275	-65

December 2009 Special

Gas Gate	Dec 09 Special	Dec 09 Final	Difference	% change
PLN24201	1,387	3,497	-2,110	-60
TWA35610	-246	3,443	-3,690	-107

- No major changes at specific gas gates for other special allocations.

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

Ref#	Date	Rule	Allocation	Participant	Details

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
2011-190	6-Jul-11	31.1	Jun-11 I	CTCT	HST05210
2011-191	6-Jul-11	31.1	Jun-11 I	GEND	PAP06610, WST03610
2011-192	6-Jul-11	31.1	Jun-11 I	GMTH	TKS17401
2011-193	6-Jul-11	31.1	Jun-11 I	GNGC	BEL24510
2011-194	6-Jul-11	31.1	Jun-11 I	GNVG	NPL12101, WST03610
2011-201	13-Jul-11	32.1	Mar-11 M	CTCT	FLD03001, MMU08001, MNA23402
2011-202	13-Jul-11	32.1	Mar-11 M	EDNZ	WAG21501
2011-203	13-Jul-11	32.1	Mar-11 M	GEND	MMU08001
2011-204	13-Jul-11	32.1	Mar-11 M	GNGC	WRK18901, WHG07501
2011-205	13-Jul-11	32.1	Mar-11 M	GNVG	NPL12101
2011-206	20-Jul-11	33.1	Jun-10 F	CTCT	MNA23402
2011-207	20-Jul-11	33.1	Jun-10 F	GEND	KIH19101
2011-208	20-Jul-11	33.1	Jun-10 F	GMTH	TKS17401
2011-209	20-Jul-11	33.1	Jun-10 F	GNGC	GTH11301
2011-210	20-Jul-11	33.1	Jun-10 F	GNVG	DAN05001, NPL12101, 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 table below for the June 2010 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.

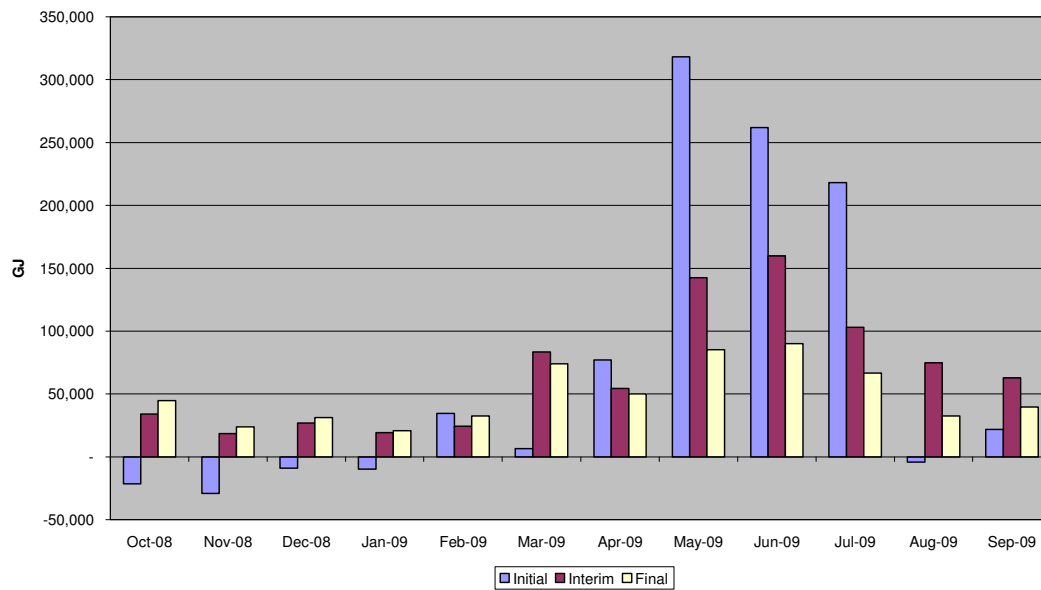
Ref#	Date	Consumption period	Participant	No. of Gas Gates outside $\pm 12.5\%$
2011-	Jul-11	Jun-10	CTCT	22
2011-	Jul-11	Jun-10	EDNZ	4
2011-	Jul-11	Jun-10	EGLT	4
2011-	Jul-11	Jun-10	EGAS	2
2011-	Jul-11	Jun-10	GEOL	7
2011-	Jul-11	Jun-10	MEEN	17
2011-	Jul-11	Jun-10	AGCL	4
2011-	Jul-11	Jun-10	GENG	49
2011-	Jul-11	Jun-10	GNGC	0
2011-	Jul-11	Jun-10	GNVG	5
2011-	Jul-11	Jun-10	BOPE	18
2011-	Jul-11	Jun-10	GMTH	0

UFG

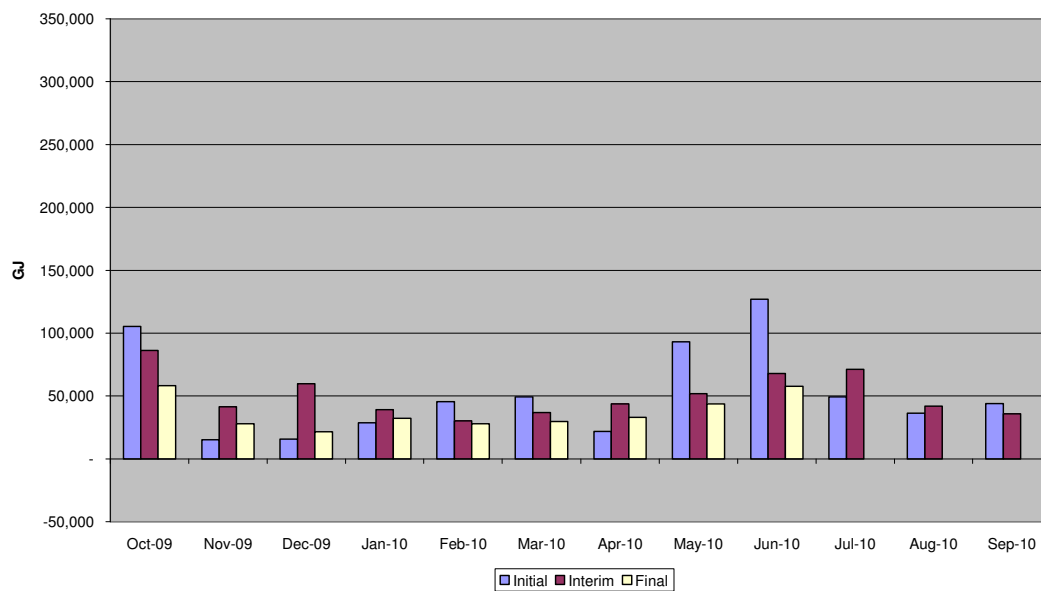
The graphs on the next page illustrate UFG to date, and in the most recent consumption month.

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 July 2009 final allocation is actually the total UFG from the July 2009 special allocation.

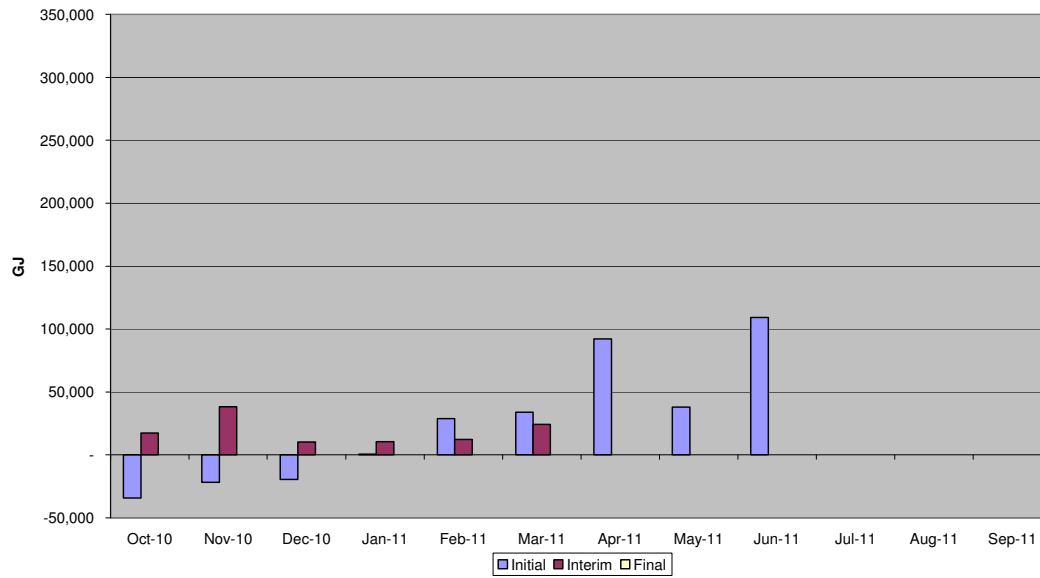
Total Net UFG by Month (Oct-08 to Sep-09)



Total Net UFG by Month (Oct-09 - Sep 10)

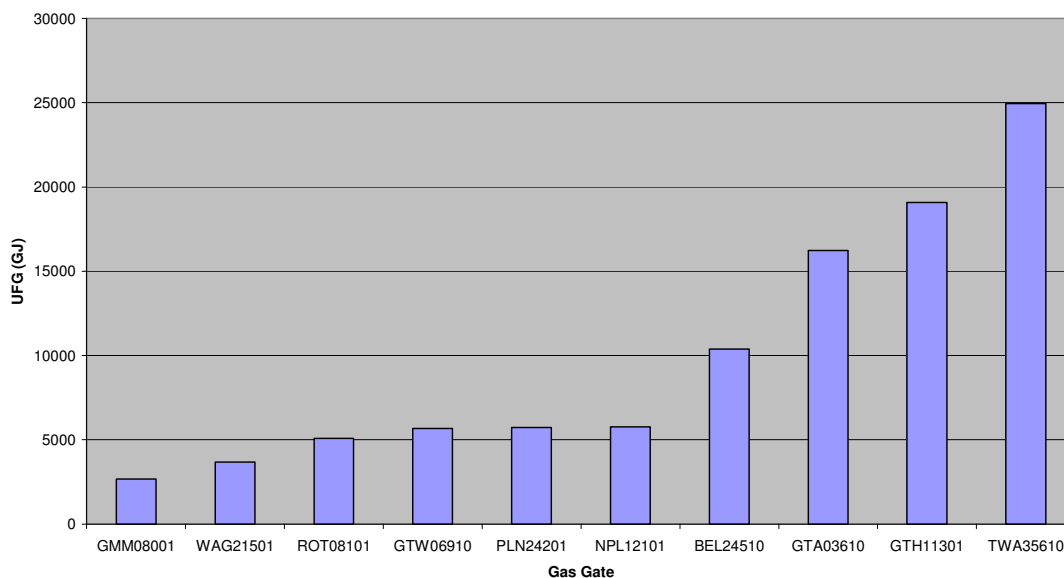


Total Net UFG by Month (Oct-10 - ongoing)

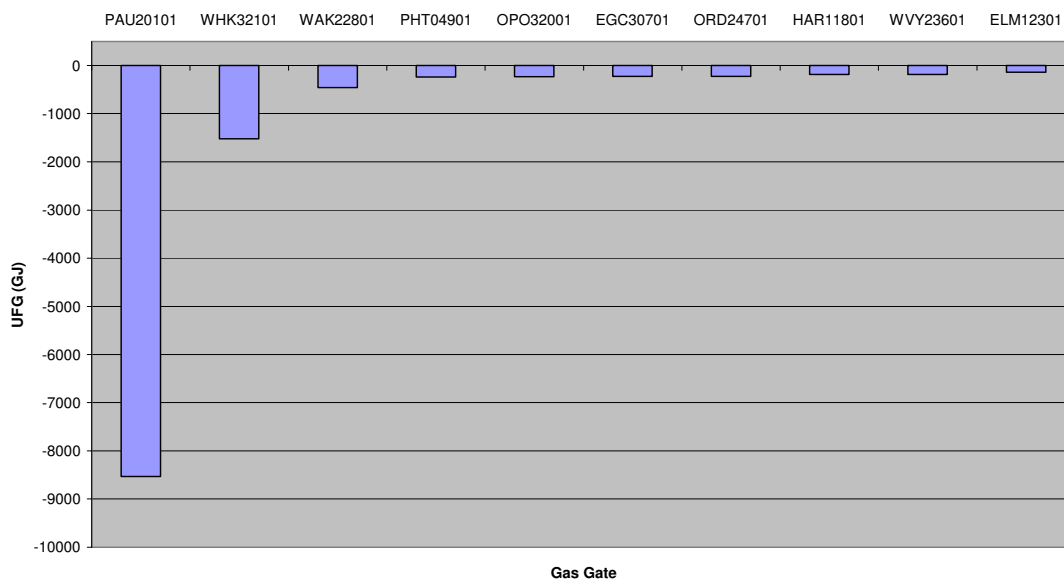


The two graphs below show the top ten positive and negative UFG gas gates for the most recent initial allocation performed.

June 2011 Initial Allocation - Positive UFG



June 2011 Initial Allocation - Negative UFG



Rule Compliance

To the best of its knowledge, the allocation agent complied with all other rules during the review period.

2.2 Service Provider Agreement Compliance

To the best of its knowledge the allocation agent complied with all other service provider agreement requirements during the review period.

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	✓	

* The gas allocation portal was available for 99.7% of the time. The portal was down for 1.5 hours to implement minor changes to improve performance.

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 Other Information

Recently, a participant auditor contacted the allocation agent regarding discrepancies between submissions (GAS040 and GAS050) and the historic billed versus submission quantities comparison (GAR080). The GAR080 report provides a comparison of participant as-billed quantities to submitted consumption data for a trailing 12-month period.

The allocation agent has reviewed the matter and would like to inform the industry of the following points:

- On 11 January 2011, NZX corrected a downstream gas allocation system error which had impacted the generation of certain GAR080 reports prior to that date:
 - The error occurred where re-submissions were waiting at the gate when the GAR080 was generated, e.g. submissions for the final allocation sitting at the gate after the interim allocation was run and before the GAR080 was run.
 - In accordance with business requirement #5 of the GAS050 section in the Functional Specification, the processing of daily ICP submissions (GAS050) requires “zeroing out” all current consumption for the received ICP before processing the revised submission.
 - The automatic acceptance of these zeroed out files resulted in those files being included in the GAR080 while the revised submission data was excluded from the most recent allocation (interim allocation). This effect is undesirable and led to inaccuracies in some GAR080 reports where revisions had not been accepted at the time of report generation. The system was changed to correct this in January 2011.
 - The allocation agent does not intend to re-generate the erroneous reports.
- The GAR080 report uses the most recent allocation information. As such, GAR080 will use initial, interim, final, and special allocation information as available at the date of the publication of the GAR080. Furthermore, the proportion of each of these allocations used can change from month-to-month. As a result, the GAR080 does not provide a consistent measure of

submission accuracy. As the GAR080 uses the latest files, it is a 'snapshot in time'. Participants or auditors wishing to use the GAR080 as a check will need to ensure the proper set of allocations are used for the comparison. Due to the complexity of this matching, the allocation agent suggests other checks may be less resource intensive.

2.5 Overall Comment

July 2011 was another active month for the allocation agent. One of the main activities to note was the publication of the AUFG report for the 2011/2012 gas year. The special allocations were successfully completed with the revised consumption data provided by Contact Energy for July 2009 to January 2010. Regarding the current consumption month, the net total UFG substantially increased in the June 2011 initial allocation from the May 2011 initial allocation. The net total UFG in June 2011 is consistent with that recorded in June 2010. In addition, the February 2010 interim allocation was relatively low and slightly increased for the March 2011 interim.



Erich Livengood
Head of Energy