



**Submission to the Gas Industry Company  
Limited on its Statement of Proposal on the  
Allocation and Reconciliation of  
Downstream Gas Quantities: 4 September  
2007**

From

**Contact Energy Limited**

8 October 2007

## **Introduction**

Contact Energy welcomes the opportunity to provide feedback to the Gas Industry Company on its Statement of Proposal on the Allocation and Reconciliation of Downstream Gas Quantities.

Contact's answers to the questions asked by the proposal follow over the page.

For any questions related to this submission, please contact:

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| <p>Q1: Do submitters have any general comments on the proposal or the process adopted by Gas Industry Co?</p>  | <p>Contact welcomes the proposed new arrangements for the gas allocation and reconciliation of downstream gas quantities, however there are two key elements that Contact considers will not deliver fair and equitable outcomes. They are:</p> <ul style="list-style-type: none"> <li>• transitional proposal for allocation of unaccounted for gas (“UFG”)</li> <li>• exemption proposal</li> </ul>   |
| <p>Q2: Do submitters have any comments on the analysis and findings in the Energy Acumen report?</p>   | <p>Contact agrees with the analysis and findings in the Energy Acumen report, although notes that:</p> <ul style="list-style-type: none"> <li>• the upstream linkages may need to be revisited as upstream arrangements are progressed;</li> <li>• a centralized dataset of gas gate and large customer daily data for all retailers would enable more accurate data to be made available to mass market retailers to improve the quality of nominations and decrease exposure to balancing costs.</li> </ul> |
| <p>Q3: Do submitters agree that, provided compliance with the conversion processes in NZS 5259:2004 is mandated, it is inappropriate to introduce a standardised billing methodology at this time?</p> | <p>Contact agrees that it is inappropriate to introduce a standard billing methodology.</p> <p>It appears to have been overlooked that the Gas Regulations already require compliance with NZS 5259, and compliance with NZS 5259 is already subject to audits by the Energy</p>  |

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|  | <p>Safety group who are part of the Business Services Branch of the Ministry of Economic Development.</p> <p>On the surface it would therefore seem inappropriate for both the proposed rules and the Gas Regulations to require compliance.</p> <p>On the other hand compliance with NZS 5259 is one of the key elements affecting UFG - covering the testing and accuracy requirements of all gas measurement system equipment and devices which affect the accuracy of metered volumes, conversion to of actual metered volumes to standard volumes, and conversion of standard volumes to energy - and accordingly Contact considers that compliance audits under the downstream allocation and reconciliation rules must be able to include compliance with NZS 5259.</p> <p>Accordingly Contact agrees that compliance with NZS 5259 should be mandated in the downstream allocation and reconciliation rules.</p> |
| <p>Q4: Do submitters have any comments on Gas Industry Co's proposed method of global allocation which would cap the UFG allocated to allocation groups 1 and 2?</p> | <p>Contact understands Gas Industry Co long term proposal (post the proposed 2 year transition period) is to fix, not to cap, the UFG% allocation to TOU metered sites (groups 1 and 2).</p> <p>Contact fundamentally disagrees with the fixing or capping of the UFG% allocation to any allocation group (including TOU, being groups 1 and 2). It is noted that the electricity reconciliation project decided on new global reconciliation</p>  |

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|           | <p>arrangements where the default UFE% allocation is the same for TOU and non-TOU, the same arguments exist for gas.</p> <p>However as some participants supplying predominantly TOU load argued that the monthly UFG% volatility is due to estimation inaccuracy and the variation from the annually reset UFG% should not be allocated to TOU, Contact suggested (without any supporting evidence at the time) a compromise to fix the UFG% allocation to TOU by gas gate for each gas year.</p> <p>Since then Contact undertook some analysis which suggests the monthly volatility is almost certainly not due to estimation inaccuracy.</p> <p>For this analysis Contact obtained total non-TOU daily quantities from Tetenburg &amp; Associates for the Tawa gas gate for the last 3 years and reprocessed the sales data by replicating the proposal for seasonally adjusted historic estimates combined with flat profile forward estimates.</p> <p>Although this increased the consumption allocated to winter months and decreased the consumption allocated to summer months compared to the non-seasonally adjusted consumption data, it did not materially change the monthly UFG volatility as observed in Contact's incumbent energy balance graphs. (refer Tables 1 &amp; 2)</p> <p>Although incumbent UFG also depends on non-incumbent submission accuracy, it appears from Contact's analysis that</p> |

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|   | <p>the majority of the monthly UFG volatility is more likely due to reasons other than estimation accuracy – e.g. wrong number of dials or meter multipliers associated with meter set-ups for larger sites.</p> <p>Despite this analysis, Contact is prepared to accept fixing the UFG% allocation to TOU for each gas year provided it is reset annually to reflect the actual recent UFG% trend for each gas gate.</p>  |
| <p>Q5: Do submitters have any comments on the proposed transitional arrangements?</p> | <p>Contact considers the transitional proposal is fundamentally flawed and will not meet the key principles in the regulatory objective set out in paragraph 6.41, in particular the use of a national average UFG% for UFG allocation will not result in fairer allocation of the amount of UFG.</p> <p>Contact submits that the UFG% as calculated by the allocation agent from information submitted by all retailers for each gas gate for each of the years ending September 2007 and September 2008, should be used for the annual UFG% reset and UFG allocation to TOU for each gas gate for the transition years beginning 1 October 2008 and 1 October 2009 respectively – i.e. use individual gas gate UFG% instead of the national average UFG% to allocate UFG during and after the transition period.</p> <p>In support of our case:</p> <ol style="list-style-type: none"> <li>1. Where Contact is the incumbent retailer, Contact has been submitting both TOU and non-TOU monthly sales data to</li> </ol> |

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|           | <p>the allocation agent for several years. This has enabled the allocation agent to calculate and monitor the UFG% by gas gate and thus identify gas gates where abnormally high or low UFG warrants investigation.</p> <ol style="list-style-type: none"> <li data-bbox="1064 483 1872 647">2. Contact understands that where Genesis and Energy Direct NZ are the incumbent retailer, they have also been submitting TOU and non-TOU monthly sales data to the allocation agent to enable the actual UFG% by gas gate to be calculated and monitored.</li> <li data-bbox="1064 683 1872 847">3. Given the data held by the allocation agent represents the best, and only independent, data available at this point in time, Contact submits that this should be used to calculate the actual UFG% for each gas gate to be used for allocation purposes during the transition period.</li> <li data-bbox="1064 882 1872 1046">4. It is noted that this data that has actually been used to calculate the “national average” UFG%, so why not use the more granular individual gas gate UFG% which represents the true UFG trend at individual gas gates and will result in fairer UFG allocation.</li> <li data-bbox="1064 1082 1872 1319">5. Comment has been made that the UFG% observed at several gas gates is abnormally high or low, and that the national average has been chosen to mitigate the impact of the outliers and avoid “rate shock” resulting from the allocation of the abnormally high UFG to TOU. Contact agrees that the UFG% observed at several gas gates is abnormal, but using the national average introduces</li> </ol> |

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|           | <p>further distortion.</p> <p>6. Below in Table 3 is some analysis by Contact of the 20 largest shared gas gates (&gt;250TJ) <u>for the gas year to 30/9/06</u>, showing the distortion that would occur if the national average UFG% was used. It is largely based on the Maunsell report.</p> <ul style="list-style-type: none"> <li>• UFG% (A) is the actual UFG% calculated by Maunsell from data provided by the allocation agent.</li> <li>• UFG% (B) is the existing UFG% used for allocation of UFG to non-incumbent retailers</li> <li>• UFG% (C) is the UFG% that would be used to allocate UFG to TOU.</li> <li>• UFG% (D) is the UFG% that would be used to allocate UFG to non-TOU.</li> </ul> <p>7. The following presents a summary of the worst gas gates.</p> <ul style="list-style-type: none"> <li>• At one extreme with unfavourable (high) UFG% you have <ul style="list-style-type: none"> <li>• Longburn with a UFG% of 5.00%. If the national average UFG% of 2.45% is used to allocate UFG to TOU, then the allocation to non-TOU will be 20.67%.</li> </ul> </li> </ul> |

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|           | <ul style="list-style-type: none"> <li>• Hastings with a UFG% of 3.89%. If the national average UFG% of 2.45% is used to allocate UFG to TOU, then the allocation to non-TOU will be 7.80%.</li> <li>• If the Tawa UFG% in the Maunsell report (7.88%) is correct, although we have our doubts as it is materially different to that calculated by Contact as incumbent (5.27%), the allocation to non-TOU would be 10.32%.</li> <li>• At the other extreme with favourable (negative) UFG you have <ul style="list-style-type: none"> <li>• Whakatane with a UFG% of -1.92%. If the “national average” UFG% of 2.45% is used to allocate UFG to TOU, then the allocation to non-TOU will be -52.17%.</li> <li>• Greater Mount Maunganui with a UFG% of -3.95%. If the “national average” UFG% of 2.45% is used to allocate UFG to TOU, then the allocation to non-TOU will be -7.80%.</li> </ul> </li> <li>• It is noted that apart from Tawa gas gate where the UFG% is suspect (although still high), TOU load dominates throughput at the above gas gates – respectively 86%, 73%, 92%, 80% of the gas gate load. For UFG% to be this high or low where the gas gate throughput is dominated by TOU load, it is clear</li> </ul> |

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|   | <p>to Contact that the abnormal UFG is almost certainly driven by TOU, not non-TOU.</p> <p>8. Clearly the UFG% (D) that would be used to allocate UFG to non-TOU is unacceptable.</p> <p>9. The solution as proposed by Contact is the most pragmatic solution to ensure a fair and equitable allocation of UFG, and although it might be argued that spreading the UFG more widely may reduce the need to address the issues, Contact firmly believes it will incentivise all retailers to co-operate in identifying and fixing the root cause of abnormal UFG to ensure as an industry we are seen as competently managing UFG.</p> <p>10. Contact has recently written to Gas Industry Co suggesting that Gas Industry Co take a lead now, rather than waiting until after go live of the new arrangements, to facilitate initiatives aimed at identifying and fixing the root cause of abnormal UFG at some gas gates. We note Gas Industry Co is prepared to explicitly support this work via recognition in its work programme so long as it does not put achieving the 1/10/08 go live target at risk. Accordingly it is asking Contact to take a lead in putting together a voluntary industry programme. We look forward to engaging with other industry participants to progress this work, and trust that other participants will cooperate.</p> |
| <p>Q6: Are the proposed exemption provisions appropriate? Do submitters envisage that, if the proposal is implemented, they</p> | <p>Contact is strongly opposed to use of exemption provisions for the purposes suggested by Gas Industry Co – to pick winners</p>   |

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| <p>would seek an exemption? If so, please provide details.</p> | <p>in the allocation of UFG - and submits that the exemption provision should be strictly limited to purposes other than giving special treatment to allow non-standard UFG allocation at certain TOU (or non-TOU) metered sites.</p> <p>We consider the proposal is fundamentally flawed and does not meet the key principles of the regulatory objective set out in paragraph 6.41 - particularly fairer allocation of UFG - furthermore it will also be problematic to manage.</p> <p>Contact has no issue with having a general provision for exemptions in the rules, so long as the exemptions are used for other purposes and not for exempting certain sites from the standard UFG% allocation.</p> <p>Set out below are some points that should be considered.</p> <ol style="list-style-type: none"> <li>1. Although a gas meter may be accurate when tested on the bench, and a corrector intended to be attached to the meter's instrument drive (to perform dynamic correction for one or more gas factors – mostly pressure and temperature - and log consumption on a TOU basis) may be accurate when tested on the bench, there is no guarantee that both the meter and corrector will continue to be accurate within the allowable tolerances when installed at a site.</li> <li>2. There can be significant periods when reduced accuracy will go undetected. For metering equipment generally used at TOU metered sites, NZS 5259 sets maximum intervals</li> </ol> |

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|           | <p>for acceptance [bench] tests of 2.5 years for turbine meters and 5 years for rotary meters and correctors.</p> <ol style="list-style-type: none"> <li>3. The accuracy tolerances set out in the Gas Regulations and NZS 5259 both contemplate that meters and correctors will lose accuracy in service.</li> <li>4. Meters can malfunction internally but not stop, and go unnoticed until removed for testing. (example available)</li> <li>5. Metering accuracy varies depending on the operating flow rate, particularly relevant where oversized meters are retained at sites where there has been a significant downsize in offtake. (example available)</li> <li>6. Accuracy of dynamic pressure and temperature correction in a corrector depends on the design of the GMS pipework and location of the pressure and temperature transducers in the GMS pipework.</li> <li>7. If there is a mismatch between the m<sup>3</sup>/rev of the meter instrument drive and the corrector, then a multiplier is required to be applied in the billing/reconciliation system. Wrong multipliers are a common omission in retailers' billing/reconciliation and/or meter owners' databases, and it is noted the same issue arises if the number of dials representing 1 m<sup>3</sup> is recorded incorrectly.</li> <li>8. There are other gas billing factors applied outside the corrector - compressibility, altitude, calorific value – which</li> </ol> |

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|  | <p>can contribute to UFG depending on the basis of their application.</p> <p>9. Theft can occur at a TOU metered site by temporarily disengaging the corrector from the meter. (example available)</p> <p>10. Gas gate metering can be within tolerance and recording positively, and customer metering can be within tolerance and recording negatively – the overall UFG would be the sum rather than difference in accuracy.</p> <p>11. Contamination of the gas stream can affect performance of both gas gate metering and customer metering. (e.g. oil contamination in the transmission system has occurred from time to time and resulted in abnormal UFG)</p> <p>12. The difference allocation at several gas gates where there is a dominant TOU customer highlighted abnormal UFG which could only be attributed to the gas gate and/or customer TOU metered data. As a consequence a change was made to global allocation using the “1 Month UFG” methodology which allocates the same UFG% to TOU and non-TOU. Although it was obvious at these gas gates it is certain that the same TOU issues are occurring at other gas gates with multiple TOU customers, however it is impossible to prove.</p> |
| Q7: Do submitters have any comments on the cost-benefit analysis, including any comment on NZIER’s report attached | Contact does not have any comments.  |

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| as Appendix 5?  |   |
| Q8: Do submitters agree with the funding options for the proposal? If not, please state your reasons.   | Contact agrees that the development and establishment costs should be funded through the retail levy, and ongoing allocation costs should be funded by retailers based on allocated quantities.   |
| Q9: Do submitters agree with the allocation of costs for the proposal? If not, please state your reasons.   | Contact agrees with the allocation of costs in the proposal.  |
| Q10: Do submitters have any comments on the proposed rules attached at Appendix 6? If appropriate, please provide a marked-up copy of the rules (a Word version is available on Gas Industry Co's website for this purpose).  | Redlined version (with comments) included with Contact's submission.  |
| Q11: Do submitters have any comments on the proposed compliance arrangements? If appropriate, please provide a marked-up copy of the regulations (a Word version is available on Gas Industry Co's website for this purpose). | <p>Marked up copy enclosed with submission. It is noted that in some places redlining has upset the clause numbering.</p> <p>The key changes suggested are:</p> <ol style="list-style-type: none"> <li>1. Include notional gas gate under definition of "gas gate" to cover interconnected networks (e.g. Greater Auckland, Greater Hamilton) where the UFG factor can only be based on the notional gas gate.</li> <li>2. Inserted definition of "GMS" as "metering equipment" too narrow in terms of compliance with NZS 5259. Also amended Meter Owner and Retailer obligations (clauses 25&amp;26) to be more relevant to the split in obligations as Contact sees it.</li> </ol> |

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|           | <p>3. Changed requirement for meter reads in allocation groups 3 and 4 to monthly instead of close to month end. The change to historic and forward estimates, and 3 and 12 month revisions, means that there is no longer a need to read at month end but it is recognised that monthly reads have do ensure higher accuracy of historic estimates.</p> <p>4. As we are moving away from deeming reads close to month end deemed as month end, it is appropriate to allow in the context of historic estimates for allocation groups 3 and 5 need to be treated the same as allocation groups 4 and 6. The only difference is that the shape values to be used to allocate read-read quantities to calendar months for groups 3 and 5 are determined by the approved SDP or DDP, whereas the seasonal adjustment shape values for groups 4 and 6 are determined by the GRP allocated quantities (also refer inserted clause 33.3).</p> <p>5. The global methodology in clause 42 does not appear to give the required outcome, so has been amended.</p> <p>6. Clause 43 has been amended to align with Contact's submission on the transitional annual UFG factor(s), i.e. there should be individual UFG factors by gas gate for the first 2 years but based on a different data set, and not a single national UFG factor for each transition year.</p> <p>7. Contact notes there may now be different go live dates for the Gas (Switching Arrangements) Rules and the Gas (Downstream Reconciliation) Rules. While the registry will</p> |

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|           | <p>in due course provide a more reliable database of record for establishing retailer responsibility, and will help improve the transfer of metering set up data between retailers, Contact notes there is no explicit linkage (like there is for electricity) that would require the registry to go live at the same time or prior to the new allocation arrangements. As there are several references to the Gas (Switching Arrangements) Rules and terms used in those rules in the Gas (Downstream Reconciliation) Rules, Contact suggests that these references be reviewed with a view to inserting a transitional rule to deal with the misalignment of go live dates. This is much preferred by Contact to the option of delaying the go live date for the gas allocation arrangements past 1 October 2008.</p> |

Table 1 – Tawa Gas Gate Contact Energy Total Monthly Sales Pre & Post Seasonal Adjustment of Non-TOU Metering Data (shows impact of applying daily residual profile shape)

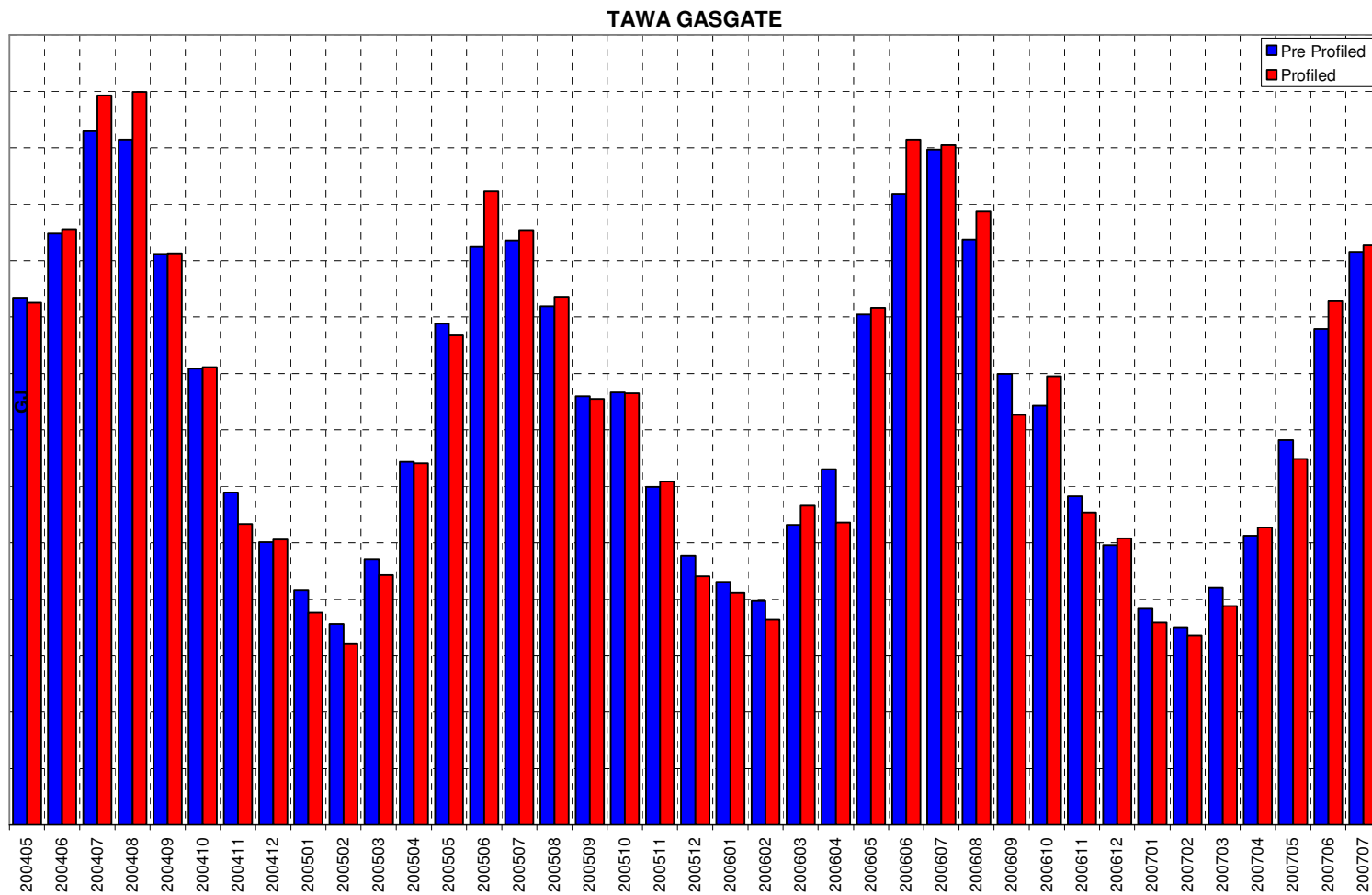


Table 2 – Tawa Gas Gate Incumbent Energy Balance (Residual UFG) Pre & Post Seasonal Adjustment of Contact's Non-TOU Metering Data

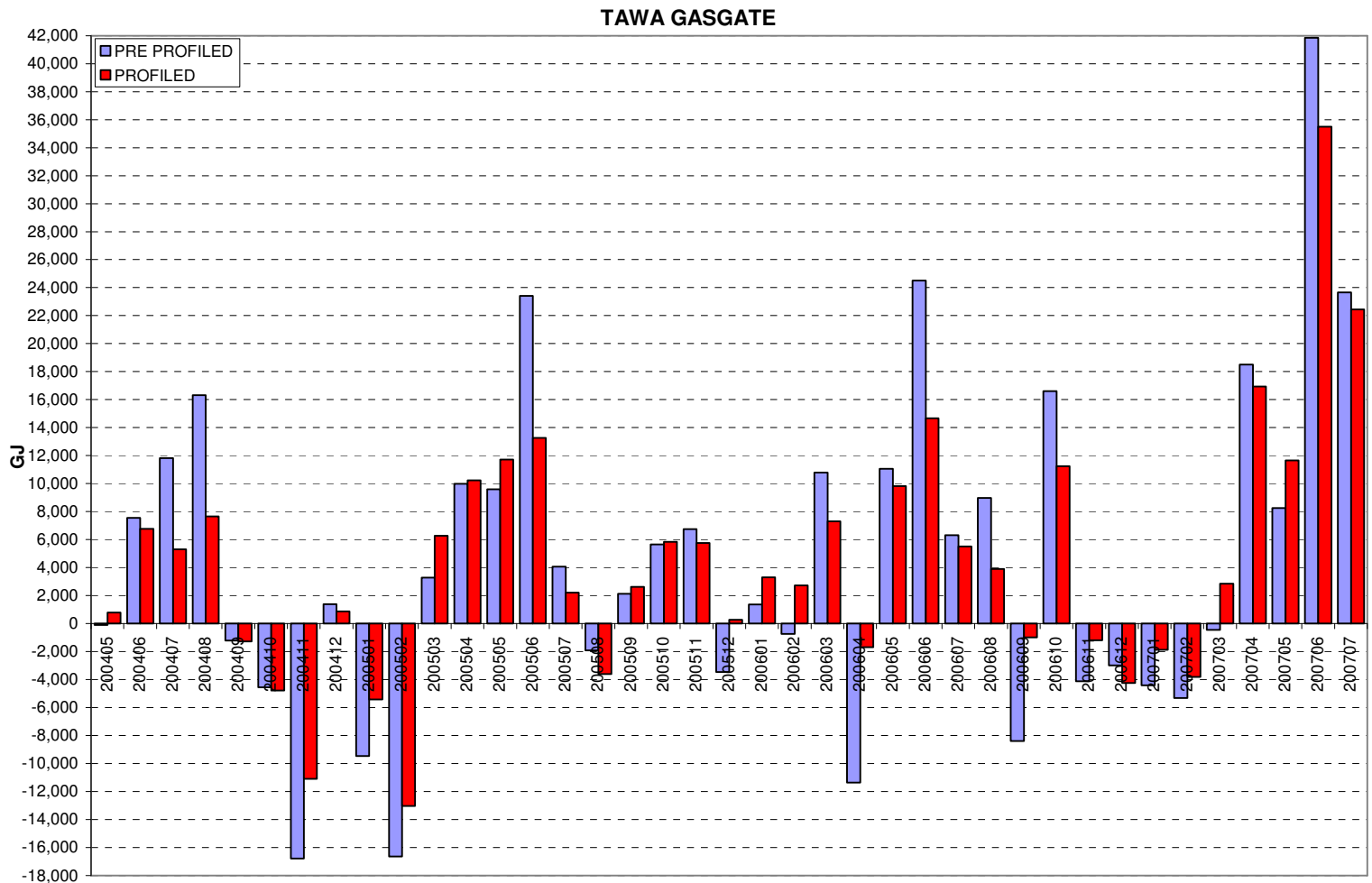


Table 3 – showing the distortion created by using a national average UFG% for the transition period.

**UFG Analysis for TOU vs non-TOU (gas gates > 250TJ) as at 30/9/06**

| Gas Gate           | Network | Inc<br>Retailer | AQ (GJ)    | TOU% | non-<br>TOU% | UFG (GJ) | UFG% (A)                             | UFG% (B)                                    | UFG% (C)                               | UFG% (D)                                   |
|--------------------|---------|-----------------|------------|------|--------------|----------|--------------------------------------|---|--|--|
|                    |         |                 |            |      |              |          | Actual<br>from<br>Maunsell<br>report | Existing<br>Non-<br>Incumbent<br>Allocation | GIC<br>Proposal -<br>TOU<br>Allocation | GIC<br>Proposal -<br>Non-TOU<br>Allocation |
| Wanganui           | GNET    | WANG            | 791,106    | 54%  | 46%          | -4,431   | -0.56%                               | 2.00%                                       | 2.45%                                  | -4.09%                                     |
| Belmont            | POWG    | GENE            | 1,611,906  | 28%  | 72%          | 80,096   | 4.97%                                | 0.50%                                       | 2.45%                                  | 5.95%                                      |
| Gr Hamilton        | NGCD    | GENE            | 1,451,599  | 33%  | 67%          | 55,107   | 3.80%                                | 2.40%                                       | 2.45%                                  | 4.46%                                      |
| Taupo              | NGCD    | GENE            | 950,577    | 87%  | 13%          | 11,891   | 1.25%                                | 0.00%                                       | 2.45%                                  | -6.77%                                     |
| Gr Mount Maunganui | NGCD    | GENE            | 799,926    | 80%  | 20%          | -31,610  | -3.95%                               | -0.72%                                      | 2.45%                                  | -29.56%                                    |
| New Plymouth       | POWG    | GENE            | 752,192    | 31%  | 69%          | 23,694   | 3.15%                                | 1.60%                                       | 2.45%                                  | 3.46%                                      |
| Hawera             | POWG    | GENE            | 424,291    | 75%  | 25%          | -373     | -0.09%                               | 1.60%                                       | 2.45%                                  | -7.70%                                     |
| Cambridge          | NGCD    | GENE            | 408,898    | 89%  | 11%          | -842     | -0.21%                               | 0.95%                                       | 2.45%                                  | -21.69%                                    |
| Rotorua            | NGCD    | GENE            | 408,439    | 32%  | 68%          | 19,584   | 4.79%                                | -0.70%                                      | 2.45%                                  | 5.90%                                      |
| Gisborne           | NGCD    | GENE            | 372,522    | 57%  | 43%          | 9,722    | 2.61%                                | 1.14%                                       | 2.45%                                  | 2.82%                                      |
| Waitangirua        | POWG    | GENE            | 280,593    | 16%  | 84%          | -13,908  | -4.96%                               | 0.50%                                       | 2.45%                                  | -6.37%                                     |
| Whakatane          | NGCD    | GENE            | 278,013    | 92%  | 8%           | -5,336   | -1.92%                               | -0.16%                                      | 2.45%                                  | -52.17%                                    |
| Tauranga           | NGCD    | GENE            | 252,692    | 19%  | 81%          | 4,492    | 1.78%                                | 3.16%                                       | 2.45%                                  | 1.62%                                      |
| Tawa A             | POWG    | CTCT            | 1,809,410  | 31%  | 69%          | 142,534  | 7.88%                                | 2.50%                                       | 2.45%                                  | 10.32%                                     |
| Gr Auckland        | UNLG    | CTCT            | 11,866,717 | 54%  | 46%          | 307,531  | 2.59%                                | 2.31%                                       | 2.45%                                  | 2.76%                                      |
| Hastings           | POWG    | CTCT            | 1,655,266  | 73%  | 27%          | 64,453   | 3.89%                                | 0.65%                                       | 2.45%                                  | 7.80%                                      |
| Palmerston North   | POWG    | CTCT            | 973,486    | 25%  | 75%          | 41,120   | 4.22%                                | 0.42%                                       | 2.45%                                  | 4.82%                                      |
| Feilding           | POWG    | CTCT            | 335,360    | 72%  | 28%          | 5,436    | 1.62%                                | 0.42%                                       | 2.45%                                  | -0.51%                                     |
| Levin              | POWG    | CTCT            | 312,513    | 47%  | 53%          | 20,453   | 6.54%                                | 0.42%                                       | 2.45%                                  | 10.18%                                     |
| Longburn           | POWG    | CTCT            | 254,190    | 86%  | 14%          | 12,711   | 5.00%                                | 0.42%                                       | 2.45%                                  | 20.67%                                     |

+ve = loss    -ve = gain

**Note:**

Contact's has derived the UFG% for Tawa A gas gate as 5.27%, otherwise the differences between Maunsell and Contact derived UFG% data are immaterial.



## GAS (DOWNSTREAM RECONCILIATION) RULES 2008

### 1. Purpose

The purpose of these **rules** is to establish a set of uniform processes that will enable the fair, efficient, and reliable downstream allocation and reconciliation of downstream gas quantities.

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### 2. Outline

These **rules** provide for –

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- 2.1 The appointment of an allocation agent; and
- 2.2 A process for the allocation by the allocation agent of daily gas quantities for each calendar month to retailers at gas gates where more than one retailer is trading downstream of the gas gate; and
- 2.3 Mandatory information disclosure and reporting by the allocation agent, allocation participants, and the industry body.

### 3. Commencement

- 3.1 Rules 4 to 23 and 69 to 70 come into force 28 days after the date these **rules** are notified in the *Gazette*.
- 3.2 Subject to rules 3.3 and 3.4, parts 2 to 4 come into force on the go-live date.
- 3.3 Rules 30 and 46 come into force on the first day of the month that is 4 months after the go-live date.
- 3.4 Rules 31 and 47 come into force on the first day of the month that is 13 months after the go-live date.

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## Part 1

### General Provisions

### 4. Interpretation

4.1 In these **rules**, unless the context otherwise requires, a word or expression defined in the Act has the same meaning as it has in the Act.

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4.2 In these **rules**, unless the context otherwise requires –

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**Act** means the Gas Act 1992;

**allocation agent** means the service provider appointed in accordance with rule 6.1 to be the allocation agent;

**allocation agent service provider agreement** means the agreement between the industry body and a person, where that person is appointed as the allocation agent;

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**allocation group** means an allocation group as set out in rule 5;

**allocation participant** means a retailer, distributor, meter owner, or transmission system owner;

**allocated quantities** means the results of the allocation process as determined by the allocation agent in accordance with these **rules**; **[Note: terminology as used in industry]**

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**annual reconciliation** has the meaning given to that term in rule 49;

**business day** means any day of the week except –

- (a) Saturday and Sunday; and
- (b) Any day that Good Friday, Easter Monday, ANZAC Day, the Sovereign's Birthday, Labour Day, Christmas Day, Boxing Day, New Year's Day, the day after New Year's Day, and Waitangi Day are observed for statutory holiday purposes; and
- (c) Any other day which the industry body has determined not to be a business day as published by the industry body;

**consumer installation** means one or more gas installations that have a single point of connection to a distribution system or transmission system and for which there is a single consumer;

**consumption period** means a calendar month during which gas is supplied to consumers;

**day** means a calendar day;

**distributor** means a gas distributor as defined in the Act, **and** may include the owner of a transmission system to which a **consumer installation** is directly connected;

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**dynamic deemed profile or DDP** means a dynamic deemed profile as defined in rule 53.1;

**exceptional circumstances** means circumstances which (in the opinion of the industry body) prevent a **retailer** from accessing a meter despite the best endeavours of the **retailer**;

**final allocation** means has the meaning given to that term in rule 47 ;

**financial year** means a twelve-month period beginning on the date determined by the industry body and any anniversary of that date;

**gas gate** means the point of connection between –

- (a) a transmission system and a distribution system; or
- (b) a transmission system and a consumer installation; or
- (b) two gas distribution systems; **and**

for the purposes of these rules gas gate means notional gas gate where several gas gates supply an interconnected network (e.g. Greater Auckland);

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**gas gate residual profile or GRP** has the meaning given to that term in rule 42;

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**gas switching notice** means a gas switching notice given in accordance with rule 64 of the **switching rules**;

**GMS (or gas measurement system)** is as defined in the Gas Act 1992:

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[Note: [Note: The definition of **metering equipment** is narrower than the definition of **GMS** in the Gas Act 1992. It is the **GMS** that must comply with NZS 5259, not just the **metering equipment**. We would expect the owner of any **GMS** equipment to comply with NZS 5259 in terms of design, construction, transportation, installation, operation, maintenance, acceptance testing and accuracy of their **GMS** equipment. And we would expect each retailer to comply with NZS 5259 in respect of each **GMS** installed at an **ICP** for which they are the responsible retailer, in terms of the conversion of measured volume to volume at standard conditions of temperature and pressure of 15°C and 101.325 kPa ("standard volume"), and conversion of standard volume to energy.]

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**GJ** means gigajoule;

**go-live date** means 1 October 2008;

**ICP** or **Installation Control Point** means the point at which a consumer installation is deemed to have gas supplied;

**industry body** means the industry body approved by the Governor General by Order in Council under section 43ZL of the Act. In the event that the approval of the industry body is revoked under section 43ZM of the Act, all references to the industry body shall be replaced with references to the Commission;

**initial allocation** has the meaning given to that term in rule 44.4;

**interim allocation** has the meaning given to that term in rule 46 ;

**meter** means an instrument designed to measure the volume of gas passed through it;

**meter owner** means the person who owns or controls a meter used to measure gas consumption for a consumer installation;

**metering equipment** means any one or a combination of a meter, corrector, datalogger and the telemetry equipment used to measure or convey volume information related to an ICP;

**month** means a calendar month;

**non-TOU meter** means a meter which does not have an associated corrector or data logger to allow register readings or gas consumption to be recorded automatically at pre-determined intervals;

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**ongoing allocation costs** has the meaning given to that term in rule 13.3;

**permanent estimate** means a value sourced from an estimated reading that has passed the allocation participant's validation process and has been calculated from validated register readings. An estimated reading used as a switch reading between retailers and not subject to dispute by either retailer may be treated as a permanent estimate;

**publish** means –

- (a) In respect of information to be published by the industry body, to make such information available on the industry body's website; and
- (b) In respect of all other information, means to make available to the intended recipient in such manner as may be determined by the industry body from time to time;

**register reading** means the number displayed by, or estimated for, a meter register or corrector register at a particular date in time, and that represents the volume of gas recorded by the register over a certain period;

**registry** means the registry defined in rule 4 of the switching rules;

**registered deemed profile** means a static deemed profile or a dynamic deemed profile registered for use by a retailer under rules 51, 52 or 53;

**retailer** means a gas retailer as defined in the Act;

**rules** means these Gas (Downstream Reconciliation) Rules 2007 as amended from time to time and includes every schedule to the **rules**, and every amendment to, deletion of, or addition to, any of the **rules**;

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**special allocation** means an allocation performed in accordance with rule 48;

**static deemed profile or SDP** means a static deemed profile as defined in rule 52.1;

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**switching rules** means the Gas (Switching Arrangements) Rules 2007 as amended from time to time and includes every schedule to the switching rules, and every amendment to, deletion of, or addition to, any of the switching rules;

**TJ** means a terajoule;

**TOU meter** means a meter which has an associated datalogger to allow register readings or gas consumption to be recorded automatically at pre-determined intervals;

**TOU** means time of use;

**UFG (or unaccounted for gas)** means, for a particular period of time, the difference between the amount of gas consumed at consumer

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installations supplied through a gas gate (whether determined by actual measurement or estimation), and the gas injection measured at the gas gate;

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**validated register reading** means a register reading or permanent estimate which has passed an allocation participant's validation process;

**gas year** means the period from 1 October to 30 September.

**4.3** A reference to a rule is a reference to a rule in these **rules** unless the reference specifically states otherwise.

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## 5. Definition of allocation groups

5.1 For the purposes of these **rules**, an **allocation group** is one that has been determined and published by the **industry body** under rule 42 of the **switching rules**, and to which each **consumer installation** is assigned by the **retailer** under rules 39 and 52 of the **switching rules**.

5.2 As at the date on which this rule 5 comes into effect, the **allocation groups** (as determined by the **industry body**) are as follows:

5.2.1 **Allocation Group 1**: Assigned to **ICPs** that have a **TOU meter** with telemetry and where actual gas quantities are recorded daily:

5.2.2 **Allocation Group 2**: Assigned to **ICPs** that have a **TOU meter** without telemetry and where actual gas quantities are recorded daily:

5.2.3 **Allocation Group 3**: Assigned to **ICPs** that have a **non-TOU meter** and where the daily gas quantities are determined by application of an approved **static deemed profile** to monthly gas quantities taken from **register readings obtained monthly**:  
[Note: refer comments in 27.3.2 and 32/33]

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5.2.4 **Allocation Group 4**: Assigned to **ICPs** that have a **non-TOU meter** and where the daily gas quantities are determined by application of the **gas gate residual profile** to monthly gas quantities taken from **register readings obtained monthly**:

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5.2.5 **Allocation Group 5**: Assigned to **ICPs** that have a **non-TOU Meter** and where the daily gas quantities are determined by application of an approved **dynamic deemed profile** to monthly gas quantities taken from **register readings obtained other than monthly**:

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5.2.6 **Allocation Group 6**: Assigned to **ICPs** that have a **non-TOU Meter** and where the daily gas quantities are determined by application of the **gas gate residual profile** to monthly gas quantities taken from **register readings obtained other than monthly**.

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*Allocation agent*

## 6. Appointment of allocation agent

6.1 The **industry body** may, from time to time, by agreement with a person appoint that person to act as the **allocation agent**.

6.2 The **allocation agent** has the functions, rights, powers, and obligations set out in these **rules**.

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- 6.3 The **allocation agent** will be appointed for a term agreed by the **industry body** and the **allocation agent** and set out in the **allocation agent service provider agreement**.
- 6.4 The **industry body** may at any time terminate, re-appoint, or change the appointment of any person as the **allocation agent**, subject to the terms of the **allocation agent service provider agreement**.
- 6.5 The remuneration of the **allocation agent** will be agreed as between the **industry body** and the **allocation agent** in the **allocation agent service provider agreement**.
- 6.6 The **industry body** and the **allocation agent** may agree on any other terms and conditions, not inconsistent with the functions, rights, powers and obligations of the **allocation agent** under these **rules**.

### 7. Publication of allocation agent service provider agreement

The **industry body** must **publish** the **allocation agent service provider agreement**.

### 8. Insurance Cover

The **allocation agent** must at all times maintain any insurance cover that is required by the **allocation agent service provider agreement**, on the terms and in respect of risks approved by the **industry body**, with an insurer approved by the **industry body**.

### 9. Performance standards to be agreed

The **industry body** and the **allocation agent** must, at the beginning of the term of the appointment and at the beginning of each **financial year**, seek to agree on a set of performance standards against which the **allocation agent's** actual performance must be reported and measured at the end of the **financial year**.

### 10. Self-review must be carried out by allocation agent

10.1 The **allocation agent** must conduct, on a monthly basis, a self-review of its performance.

10.2 The review must concentrate on the **allocation agent's** compliance with –

10.2.1 Its obligations under these **rules**; and

10.2.2 The operation of these **rules**; and

10.2.3 Any performance standards agreed between the **allocation agent** and the **industry body**; and

10.2.4 The provisions of the **allocation agent's service provider's agreement**.

### 11. Allocation agent must report to the industry body

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- 11.1** The **allocation agent** must within 10 **business days** of the end of each **month**, provide a written report to the **industry body** on the results of the review carried out under rule 10.
- 11.2** The report must contain details of -
- 11.2.1** Any circumstances identified by the **allocation agent** where it has failed, or may have failed, to comply with its obligations under these **rules**; and
  - 11.2.2** Any area that, in the opinion of the **allocation agent**, a change to a **rule** may need to be considered; and
  - 11.2.3** Any other matters that the **industry body**, in its reasonable discretion, considers appropriate and asks the **allocation agent**, in writing within a reasonable time before the report is provided, to report on.
- 11.3** As soon as practicable after receiving a report under rule 11.1, the **industry body** must **publish** that report.

### **12. Review of allocation agent's performance by the industry body**

- 12.1** At the end of each **financial year**, the **industry body** may review the manner in which the **allocation agent** has performed its duties and obligations under these **rules**.
- 12.2** The review must concentrate on the **allocation agent's** compliance with-
- 12.2.1** Its obligations under these **rules**; and
  - 12.2.2** The operation of these **rules**; and
  - 12.2.3** Any performance standards agreed between the **allocation agent** and the **industry body**; and
  - 12.2.4** The provisions of the **allocation agent service provider agreement**.

### *Funding*

### **13. Ongoing fees**

- 13.1** The ongoing fees are monthly fees to meet the **ongoing allocation costs**.
- 13.2** At least two **months** before the beginning of the **year**, the **industry body** must determine the estimated **ongoing allocation costs** for that **year**.
- 13.3** Subject to rule 13.4, the **ongoing allocation costs** are the ongoing costs related to allocation and reconciliation and will include –

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- 13.3.1** The costs payable by the **industry body** to the **allocation agent** for the services provided under part 2 in respect of that **year**; and
- 13.3.2** The administrative costs of the **industry body** associated with allocation and its role under these **rules** during that **year**; and
- 13.3.3** The costs of enforcing compliance with these **rules** under the Gas (Compliance) Regulations 2007; and
- 13.3.4** Any other costs that are determined by the **industry body** to form part of the **ongoing allocation costs**.
- 13.4** To avoid any doubt, the **ongoing allocation costs** do not include –
- 13.4.1** The costs of the **allocation agent** for performing services under part 3; and
- 13.4.2** The costs of performance audits and event audits under part 4.
- 13.5** Once it has determined the estimated **ongoing allocation costs** for the **year**, the **industry body** must **publish** those costs (including a breakdown of the costs).
- 13.6** Every person who is a **retailer** on the first **business day** of a **month** is liable to pay ongoing fees for that **month** in accordance with these **rules**.
- 13.7** The ongoing fees payable by each **retailer** is calculated as follows:
- $$A = B \times (C/D)$$
- Where:
- A = the ongoing fees payable by **retailer A**; and
- B = the estimated **ongoing allocation costs** for the given **month (month B)**; and
- C = the total quantity of gas allocated to **retailer A** by the **allocation agent** under rule 44.4 across all **gas gates** in respect of the **month** that is two **months** before **month B**; and
- D = the total quantity of gas allocated to all **retailers** by the **allocation agent** under rule 44.4 in respect of the **month** that is two **months** before **month B**.

## 14. How and when ongoing fees payable

- 14.1** The ongoing fees are payable to the payee specified on the invoice issued to **retailers** under rule 14.3.
- 14.2** As soon as practicable after publication of the estimated **ongoing allocation costs** for a **year**, the **industry body** must notify all **retailers** of the ongoing fees payable for that **year**.

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- 14.3** On the first **business day** of each **month**, the **industry body** or the **allocation agent** if required to do so by the **industry body**, must invoice every **retailer** liable to pay the ongoing fees for that **month** calculated in accordance with rule 13.7.
- 14.4** As soon as practicable after the end of each **year**, the **industry body** must determine the actual **ongoing allocation costs** for that **year**. The **industry body** or the **allocation agent** must invoice or credit each **retailer** liable to pay ongoing fees during that **year** with the difference between the actual **ongoing allocation costs** and the amount of the estimated **ongoing allocation costs** paid by that **retailer**.
- 14.5** The due date for the payment of the ongoing fees is the 10th **business day** after the **retailer** receives an invoice for that payment.

### 15. General provisions regarding fees

- 15.1** Any **retailer** who is liable to pay any fees under rule 13.6, and who fails to make payment of such fee on or before the date on which it falls due, is liable to pay an additional fee of 10% of the amount of the fee that is unpaid.
- 15.2** The additional fee becomes payable and due on the 10th **business day** after the date that the **industry body** notifies the **retailer** that an additional fee is payable.
- 15.3** The fees payable under rule 13 are exclusive of any goods and services tax payable under the Goods and Services Tax Act 1985.

### *Compliance*

### 16. Compliance

- 16.1** The Gas (Compliance) Regulations 2007 apply to these **rules**.
- 16.2** The **allocation agent** is liable under the Gas (Compliance) Regulations 2007 for any breach of **rules** 21, 22, 40 to 50 and 51 to 68.

### *Exemptions*

### 17. Industry body may exempt allocation participant from application of rules

- 17.1** The **industry body** may, in its discretion and upon the terms and conditions (if any) that it thinks fit, exempt any **allocation participant**, or class of **allocation participants** from compliance with all or any of these **rules**.
- 17.2** An exemption, and the **industry body's** reasons for granting it, must be **published** by the **industry body** as soon as practicable after being granted.
- 17.3** The **industry body** must, before granting an exemption, -

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- 17.3.1 Have regard to section 43ZN of the Act; and
- 17.3.2 **Publish** its intention to grant the exemption; and
- 17.3.3 Have regard to any views that may be made known to the **industry body** within the time specified by the **industry body**.
- 17.4 Rule 17.3.2 does not apply if the **industry body** considers that it is necessary or desirable that the proposed exemption be made urgently.
- 17.5 In that case, -
- 17.5.1 The exemption must state that it is made in reliance on rule 17.4; and
- 17.5.2 The exemption must state an expiry date, which must be the earliest date that, in the opinion of the **industry body**, enables the **industry body** to have regard to the views of **allocation participants** about the exemption; and
- 17.5.3 The **industry body** must publicise the exemption and have regard to any views that **allocation participants** may make known to the **industry body** within the time specified by the **industry body**; and
- 17.5.4 After a reasonable time has expired, the **industry body** must **publish** a notice stating whether or not the **industry body** decides to revoke, replace, or amend the exemption and explaining the reasons for that decision, or stating where copies of that explanation may be obtained.
18. **Effect of exemptions**  
An exemption takes effect from the date specified in the exemption which may not be earlier than the date that it is **published**.
19. **Variation or revocation of exemptions**
- 19.1 An exemption may be varied or revoked, either on application by an **allocation participant** or on the initiative of the **industry body**.
- 19.2 Rule 17 applies as if the variation or modification were the granting of an exemption and with all other necessary modifications.
20. **List of exemptions**  
The **industry body** must **publish** a list of all current exemptions made under these **rules**.

### *Notices and receipt of information*

21. **Giving of notices**
- 21.1 If these **rules** require any notice to be given, the notice must be in writing and be –
- 21.1.1 Delivered by hand to the nominated office of the addressee; or

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**21.1.2** Sent by post to the nominated postal address of the addressee;  
or

**21.1.3** Sent by facsimile to the nominated facsimile number of the addressee; or

**21.1.4** Sent by electronic transmission or any other similar method of electronic communication to the appropriate nominated electronic address of the addressee.

**21.2** For the purposes of rule 21.1, the nominated office, postal address, facsimile number and electronic address of **retailers, distributors and meter owners** is the address provided to the **registry** under rule 5.2.2 of the **switching rules**.

**21.3** In the case of an emergency, a person may give notice other than in accordance with rule 21.1, but the person must as soon as practicable, confirm the notice in writing and by a method set out in rule 21.1.

### **22. When notice taken to be given**

In the absence of proof to the contrary, notices are taken to be given,-

**22.1** In the case of notices delivered by hand to a person, when actually received at that person's address;

**22.2** In the case of notices sent by post, at the time when the letter would in the ordinary course of post be delivered; and in proving the delivery, it is sufficient to prove that the letter was properly addressed and posted;

**22.3** In the case of notices sent by fax, at the time indicated on a record of its transmission;

**22.4** In the case of notices sent by electronic transmission or any other similar method of electronic communication, at the time the -

**22.4.1** Computer system used to transmit the notice has received an acknowledgment or receipt addressed to the electronic mail address of the person transmitting the notice; or

**22.4.2** Person who gave the notice proves the notice was transmitted by computer system to the electronic address provided by the addressee.

### **23. Information exchange file formats**

**23.1** The **industry body** may **publish** one or more information exchange file formats for the purposes of information exchanges between **allocation participants** and the **allocation agent** under one or more of these **rules**.

**23.2** If the **industry body** has published an information exchange file format under rule 23.1, information must be exchanged in accordance with that format.

Part 2

Allocation process

General provisions

24. General obligations of allocation participants

- 24.1 Every **allocation participant** must act reasonably in relation to its dealings with the **allocation agent** and other **allocation participants** and, in doing so, must use its reasonable endeavours to co-operate with the **allocation agent** and other **allocation participants**.
- 24.2 Every **allocation participant** must provide the information required under these **rules** in an accurate and timely manner.

Meter owner obligations

25. Gas Measurement System

- 25.1 For the purposes of gas volume information required to be collected or provided under these **rules**:
  - 25.1.1 every owner of GMS equipment must to comply with NZS 5259:2004 in terms of design, construction, transportation, installation, operation, maintenance, acceptance testing and accuracy of their GMS equipment;
  - 25.1.2 GMS equipment which has a margin of error of less than the relevant margins of error specified in NZS 5259:2004 is deemed to be accurate; and
  - 25.1.3 any verification of accuracy must be in accordance with NZS 5259:2004.
- 25.2 If NZS 5259:2004 is replaced, any reference to NZ 5259:2004 must read as a reference to its replacement.

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Retailer obligations

26. General obligations of retailer

- 26.1 Every **retailer** must ensure that a GMS is installed and metering equipment interrogated at each **consumer installation** to which that **retailer** supplies gas in accordance with the requirements of the **allocation group** to which the **consumer installation** has been assigned by that **retailer** under rules 39 and 52 of the **switching rules**.

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**26.2** Every **retailer** must comply with NZS 5259:2004, in respect of each **GMS** installed at an **ICP** for which the **retailer** is the responsible retailer, in terms of the conversion of measured volume to volume at standard conditions of temperature and pressure of 15°C and 101.325 kPa (“standard volume”), and conversion of standard volume to energy.

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**26.3** Every **retailer** must supply **energy** consumption information for all **consumer installations** to which it supplies gas to the **allocation agent** in accordance with rules 27 to 36.

**26.4** For the purposes of these **rules**, **retailers** continue to be responsible for gas supplied to all **consumer installations** in respect of which:

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**26.4.1** they are the responsible **retailer**; and

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the **ICP** has not switched to another retailer or been permanently disconnected.

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¶  
in accordance with the switching rules

**27. Retailer to ensure certain metering interrogation requirements are met**

**27.1** For **consumer installations** for which the rolling 12 **months** actual or expected consumption is greater than 10 **TJ**, every **retailer** that supplies those **consumer installations** must:

**27.1.1** ensure a **TOU meter** is installed; and

**27.1.2** assign them to **allocation groups** 1 or 2.

**27.2** For **consumer installations** where the rolling 12 **month** actual or expected consumption exceeds 250 **GJ**, every **retailer** that supplies those **consumer installations** must either:

**27.2.1** ensure a **TOU meter** is installed and assign them to **allocation groups** 1 or 2; or

**27.2.2** ensure a **non-TOU meter** is installed and assign them to **allocation groups** 3 or 4.

**27.3** Every **retailer** that supplies a **consumer installation** must ensure that the **metering equipment** installed at those **consumer installations** is interrogated as follows:

**27.3.1** All **consumer installations** with **TOU meters** must have **register readings** or consumption recorded for each **day** commencing at 0000 hours and ending at 2400 hours:

**27.3.2** All **consumer installations** with **non-TOU meters** and an expected annual consumption of between 250 **GJ** and 10 **TJ** must have **register readings** obtained each month; [Note: With the change to seasonally adjusted historic estimates/forward estimates and 3/12 month revisions, it is no longer necessary to require reads to be obtained close to month end. The purpose of continuing to require monthly reads for the 250GJ-10,000GJ sites is to ensure better accuracy of monthly quantities.]

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**27.3.3** All **consumer installations** with **non-TOU meters** to which the **retailer** has continuously supplied gas for the previous 12 **month** period must have **register readings** recorded at least once every 12 **months** unless **exceptional circumstances** prevent such an interrogation.

**27.4** Every **retailer** must ensure that a **validated register reading** is obtained at least once every 4 **months** for 90% of the **consumer installations** with **non-TOU meters** to which the **retailer** has continuously supplied gas for the previous 4 **months**.

### **28. General requirements for provision of retailer consumption information**

**28.1** For **consumer installations** with **TOU meters**, –

**28.1.1** Daily consumption information submitted to the **allocation agent** must commence at 0000 hours and end at 2400 hours on that **day**.

**28.1.2** Where a **consumer installation** is supplied by a **retailer** for a part **month**, the **retailer** is only required to supply consumption information to the **allocation agent** for the **days** that the **retailer** supplied that **consumer installation**.

**28.2** For **consumer installations** with **non-TOU meters**, –

**28.2.1** A **register reading** obtained during any **day** will be deemed to have been obtained at 2400 hours on that **day**.

**28.2.2** Monthly consumption information submitted to the **allocation agent** must commence at 2400 hours on the last **day** of the previous **month** and end at 2400 hours on the last **day** of the **month** to which the consumption information relates.

**28.2.3** Where a **consumer installation** is supplied by a **retailer** for a part **month**, the consumption information submitted to the **allocation agent** for that part **month** will be deemed to be the monthly consumption information for that month supplied by that **retailer** for that **consumer installation**.

**28.3** If for any reason whatsoever a **retailer** is not able to comply with the requirement to provide actual daily energy quantities for a **consumer installation** with a **TOU meter**, –

**28.3.1** The **retailer** must submit its best estimate of consumption information to the **allocation agent** and advise the **allocation agent** of the fact it is an estimate under this rule; but

**28.3.2** Compliance with rule 28.3.1 does not mean that the **retailer** has complied with the requirement to provide actual daily energy quantities.

### **29. Provision of consumption information for initial allocation**

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To enable the **allocation agent** to perform an **initial allocation** for each **month**, every **retailer** must provide, in respect of the **consumer installations** to which it supplies gas, the following ~~consumption information to the **allocation agent** by 0800 hours on the 4th **business day** of the **month** that immediately follows the **month** to which the information relates:~~

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29.1 Actual daily energy quantities for each **consumer installation** in **allocation groups** 1 and 2:

29.2 Estimated daily energy quantities for each **consumer installation** in **allocation group** 3:

29.3 The aggregate estimated daily energy quantities by **gas gate** by profile for **consumer installations** in **allocation group** 5 and the number of **consumer installations** included:

29.4 The aggregate estimated ~~energy quantities~~ **for the month** by **gas gate** for all **consumer installations** in **allocation groups** 4 and 6.

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30. **Provision of consumption information for interim allocation**

To enable the **allocation agent** to perform an **interim allocation** for each **month**, every **retailer** must provide, in respect of the **consumer installations** to which it supplies gas, the following ~~consumption information to the **allocation agent** by 0800 hours on the 10th **business day** of the 4th **month** that follows the **month** to which the information relates:~~

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30.1 Actual daily energy quantities for each **consumer installation** in **allocation groups** 1 and 2; ~~{Note: Contact suggests it is less risky to provide the data for all sites as is done for electricity reconciliation}~~

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30.2 Estimated daily energy quantities for each **consumer installation** in **allocation group** 3:

30.3 The aggregate estimated daily energy quantities by **gas gate** by profile for **consumer installations** in **allocation group** 5 and the number of **consumer installations** included:

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30.4 The aggregate estimated ~~energy quantities~~ **for the month** by **gas gate** for all **consumer installations** in **allocation groups** 4 and 6.

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31. **Provision of consumption information for final allocation**

To enable the **allocation agent** to perform a **final allocation** for each **month**, every **retailer** must provide, in respect of the **consumer installations** to which it supplies gas, the following ~~consumption information to the **allocation agent** by 0800 hours on the 10th **business day** of the 13th **month** that follows the **month** to which the information relates:~~

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31.1 Actual daily energy quantities for each **consumer installation** in **allocation groups** 1 and 2:

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31.2 Estimated daily energy quantities for each **consumer installation** in **allocation group** 3:

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31.3 The aggregate estimated daily energy quantities by **gas gate** by profile for **consumer installations** in **allocation group 5** and the number of **consumer installations** included:

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31.4 The aggregate estimated energy quantities **for the month** by **gas gate** for all **consumer installations** in **allocation groups 4 and 6**.

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32. **Historic and forward estimates for consumer installations with non-TOU meters**

32.1 When providing consumption information to the **allocation agent** for **consumer installations** with **non-TOU meters**, every **retailer** must derive that consumption information from **validated register readings** using:

32.1.1 rule 33 to create historic estimates; or

32.1.2 rule 34 to create forward estimates, where applicable.

32.2 Consumption information for **allocation groups 3, 4, 5** and 6 may contain a combination of historic and forward estimates provided that they are calculated in accordance with rules 33 and 34. [Note: As we are moving to all consumption information being aligned with the calendar month rather than be deemed to be aligned with the calendar month for meter reads taken close to month end, Groups 3 and 5 need to be treated as for groups 4 and 6 for the purposes of historic and forward estimates. The only difference is that groups 3 and 5 use an approved static deemed profile or dynamic deemed profile shape, instead of the residual profile shape provided by the allocation agent, to allocate read-read data to calendar months. So all non-TOU groups should provide for submission data to include both historic and forward estimates.]

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32.3 Every **retailer** must retain sufficient information to be able to clearly identify each estimate as being either a historic or a forward estimate, or a combination of the two, if requested to by the **allocation agent**.

33. **Historic estimates with seasonal adjustments**

33.1 Historic estimates are derived by applying the seasonal adjustment daily shape values for the relevant **gas gate** published by the **allocation agent** in accordance with rule 50.1, or by applying an approved static deemed profile or dynamic deemed profile, to the difference in gas quantities between two **validated register readings**.

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33.2 The following methodologies must be used to calculate a historic estimate of consumption information for a **consumer installation**:

33.2.1 Where the period between any two consecutive **validated register readings** encompasses an entire **consumption period**:

$$HE_{Ci} = GJ_p \times A / B$$

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Where:

$HE_{CI}$  is the quantity of gas in **GJ** allocated to the **consumption period** for a **consumer installation**

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$GJ_e$  is the gas quantity in **GJ** calculated from the difference between the last **validated register reading** prior to the **consumption period** and the first **validated register reading** after the **consumption period**

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A is the sum of the seasonal adjustment daily shape values for the **GRP or SDP or DDP**, for the relevant **gas gate or consumer installation(s)**, during the **consumption period**

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B is the sum of the seasonal adjustment daily shape values for the **GRP or SDP or DDP**, for the relevant **gas gate or consumer installation(s)**, during the same time period as is covered by  $GJ_e$

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33.2.2 Where a **validated register reading** falls within the **consumption period**:

$$HE_{CI} = GJ_{P1} \times A_1 / B_1 + GJ_{P2} \times A_2 / B_2$$

Where:

$HE_{CI}$  is the gas quantity in **GJ** allocated to a **consumption period** for a **consumer installation**

$GJ_{P1}$  is the gas quantity in **GJ** calculated from the difference between the last **validated register reading** prior to the **consumption period** and the **validated register reading** falling within the **consumption period**

$A_1$  is the sum of the seasonal adjustment daily shape values for the **GRP or SDP or DDP**, for the relevant **gas gate or consumer installation(s)**, for the first part of the **consumption period**

$B_1$  is the sum of the seasonal adjustment daily shape values for the **GRP or SDP or DDP**, for the relevant **gas gate or consumer installation(s)**, for the same time period as is covered by  $GJ_{P1}$

$GJ_{P2}$  is the gas quantity in **GJ** calculated from the difference between the validated **meter** falling within the **consumption period** and the first validated **meter** reading after the **consumption period**

$A_2$  is the sum of the seasonal adjustment daily shape values for the **GRP or SDP or DDP**, for the relevant **gas gate or consumer installation(s)**, for the second part of the **consumption period**

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B<sub>2</sub> is the sum of the seasonal adjustment daily shape values for the GRP or SDP or DDP, for the relevant **gas gate or consumer installation(s)**, for the same time period as is covered by GJ<sub>P2</sub>

**33.3** The seasonal adjustment daily shape values for each gas gate means the last 24 months total daily allocated quantities for all retailers for the gas gate residual profile.

**33.4** If a **retailer** is preparing a historic estimate and the seasonal adjustment daily shape values for the GRP for the relevant **gas gate** are not available, the **retailer** must use the methodology set out in rule **33.2** but the relevant quantities GJ<sub>P1</sub> or GJ<sub>P1</sub> and GJ<sub>P2</sub> must be determined by the **retailer** using its own methodology or using a flat shape based on the number of days.

**33.4.1**

**34. Forward estimates**

**34.1** A **retailer** may only use a forward estimate to calculate the consumption information for a **consumer installation** with a **non-TOU meter** where it is not possible to calculate that consumption information using a historic estimate.

**34.2** A **retailer** may determine the method used for calculating a forward estimate at its discretion provided that the accuracy of a forward estimate used to calculate the consumption information for an **initial allocation** submitted to the **allocation agent** under rule 29 must, when compared with the consumption information for a **final allocation** submitted to the **allocation agent** under rule 31, fall within the percentage of error determined and published by the **industry body** under rule 34.3.

**34.3** Prior to the beginning of each **year** the **industry body** must determine and **publish** the percentage of error for the accuracy of forward estimates used in accordance with rule 34.2.

**34.4** For the avoidance of doubt, a forward estimate will always be used to calculate the consumption information submitted for an **initial allocation** for a **consumer installation** with a **non-TOU meter** where the consumer installation is allocated to the GRP, or allocated to a SDP or DDP where the last validated register reading was obtained other than on the last day of the consumption period to which the initial allocation relates.

**35. Application of deemed profiles**

**35.1** A static deemed profile or a dynamic deemed profile must be used by each **retailer** to calculate daily consumption information for all **consumer installations** assigned to **allocation groups** 3 and 5.

**35.2** A **retailer** may only use a **static deemed profile** or a **dynamic deemed profile** in relation to a **consumer installation** or class of **consumer**

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installations if that profile has been approved by the allocation agent and has been registered for use by the retailer under Part 3 of these rules in relation to that consumer installation or class of consumer installations.

35.3 If a retailer wishes to use a different deemed profile for a consumer installation to that previously used for the provision of consumption information to the allocation agent, the retailer must obtain approval of the deemed profile from the allocation agent in accordance with rules 52 and 53 before using that different deemed profile when providing consumption information to the allocation agent under rules 29, 30 or 31.

36. Retailer to give gas gate notice to allocation agent

36.1 A retailer must give notice to the allocation agent –

36.1.1 at least 5 business days before the retailer may supply gas to a consumer installation at a gas gate at which it has not previously supplied gas; or [Note: Amended to “may” because a retailer generally sets up its system so that it can supply at multiple gas gates, but may not switch any customers initially at any particular gas gate in which case it should provide a zero file for that gas gate].

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36.1.2 within 5 business days of the end of a month that the retailer ceases to supply gas to any consumer installations at a gas gate.[Note: A retailer will not easily know when it has lost its last customer at a gas gate, but will discover this has occurred when it prepares its submission data for 8am business day 4, hence 5 business days after month end would seem to be reasonable.]

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36.2 The notice must –

36.2.1 Identify the gas gate; and

36.2.2 Specify either –

(a) The date on which the retailer may first supply gas at that gas gate; or

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(b) The date on which the retailer ceased to supply gas at that gas gate.

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37. Retailer reporting requirements

Each retailer must provide the following reports to the industry body:

37.1 By 0800 hours on the 5th business day of each month a report on the proportion of historic estimates contained within the consumption information provided by the retailer to the allocation agent for the interim allocation and final allocation in accordance with rules 30 and 31, for each gas gate for allocation groups 3 to 6. [Note: We assume the intention of this rule is to ensure the historic estimate percentage meets certain criteria for the interim and final allocations – similar to

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electricity – but the draft rule 37.1 does not seem to reflect this nor is there a rule around the historic estimate thresholds for the interim and final submission data. Hence we are not sure what this rule is trying to achieve, but have assumed it is intended to address the same principles as the electricity reconciliation rules for HE%.]

- 37.2 By 1200 hours on the 5<sup>th</sup> day of October in each year a report on the frequency of **validated register readings** obtained in accordance with rule 27.4 during the previous year.

*Transmission system owner obligations*

38. **Provision of daily injection information at month end**

Every transmission system owner must provide to the **allocation agent** by 0800 hours on the 4<sup>th</sup> **business day** of the **month** that immediately follows a **consumption period** the actual daily energy quantities injected at each **gas gate** connected to its transmission system for that **consumption period**.

39. **Publication of estimated day-end volume injection quantities each day**

Every transmission system owner must **publish** the estimated daily energy quantities to be injected each **day** at each **gas gate** connected to its transmission system at 0900 hours that **day** and at any other time on that **day** as required and notified by the **industry body**. [Note: As 1300 is too late for intraday nominations which are required by 1100. Contact suggests 0900 would seem to be more appropriate. In principle this information is required as soon as possible each day, and well before 1100.]

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*Allocation agent obligations*

40. **Allocation agent may use estimates**

40.1 For the purpose of performing allocations under these **rules**, the **allocation agent** must estimate the consumption information if –

40.1.1 A **retailer** has failed to provide the consumption information for the relevant allocation by the times and on the **days** specified in rules 29, 30 or 31; and

40.1.2 The **allocation agent** is satisfied that the estimate will result in a reasonably reliable allocation.

40.2 If, in accordance with rule 40.1, the **allocation agent** uses estimated consumption information in the allocation process, the **allocation agent** must include a notation with the **allocation results** that the **allocation results** include consumption information that has been estimated by the **allocation agent**.

41. **Correction of allocations by allocation agent**

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- 41.1 Subject to rules 41.2 and 41.3, adjustments reflecting the correction of errors are to be included in the next allocation.
- 41.2 The **allocation agent** may amend any **allocation result** provided under these **rules** if, within one **business day** of providing the **allocation result**, the **allocation agent** makes the amendment and notifies all affected **allocation participants** of the amended **allocation result**.
- 41.3 If the **allocation agent**, acting reasonably and in consultation with the affected **allocation participants**, considers that application of the correct quantities to the correct allocation period after correction of an error would have resulted in a materially different overall financial result in respect of any of the affected **allocation participants**, then the **allocation agent** shall pass the relevant information on to the appropriate **allocation participants** to enable the financial position to be rectified. [Note: The last sentence reads as thought participants will settle bilaterally, however that is impractical as retailers do not have sufficient information. We assume the intention is to pass the information to the upstream allocation agent to pass to Vector Transmission and gas wholesalers to enable new settlement invoices to be produced.]
- 41.4 Where any part of the **GMS** installed at a **consumer installation** is found to be in error, quantities measured during the period when the device is shown to have been in error are to be corrected in accordance with Schedule A of these rules. If no reliable data is available to confirm the period when the device was in error or the amount by which it was in error, the correction will not extend back further than 60 **days** from when the error was first notified or detected.
- 41.5 Where it is discovered by an **allocation participant** that consumption information previously provided to the **allocation agent** in respect of a shared **gas gate** included a material error, the **allocation agent** must be advised of the nature and extent of the error, and what the quantities would have been had no error occurred.

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## 42. Global method of allocation

- 42.1 For the purposes of these **rules**, a **gas gate residual profile or GRP** means a profile that is created each **month** by the **allocation agent** in accordance with rule 42.2.7 as part of the allocation process.
- 42.2 The **allocation agent** must use the following global method of allocation in order to conduct an **initial allocation**, an **interim allocation**, a **final allocation** and any **special allocation**:
- 42.2.1 Receive the actual daily energy quantities injected at each **gas gate** provided by transmission system owners in accordance with rule 38; and
- 42.2.2 Receive the consumption information provided by **retailers** in accordance with rules 29, 30 and 31; and
- 42.2.3 Estimate the consumption information, if necessary, in accordance with rule 40 (for the purposes of the calculations in this rule deemed to be information submitted by the **retailer**); and

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- 42.2.4 Calculate the **allocated quantities** for **allocation groups 1 and 2** for each **gas gate** for each **retailer** by applying the relevant annual **UFG** factor to consumption information submitted by each **retailer**;
- 42.2.5 Calculate the **monthly UFG** factor for each **gas gate** in accordance with rules 43 or 44; and
- 42.2.6 Calculate the **allocated quantities** for **allocation groups 3+ and 5** for each **gas gate** for each **retailer** by applying the relevant monthly **UFG** factor to the consumption information submitted by each **retailer**; and
- 42.2.7 Calculate the **gas gate residual profile** for each **gas gate** by deducting the daily **allocated quantities** for **allocation groups 1, 2, 3 and 5** from the **daily injection quantities**; and
- 42.2.8 Calculate the **allocated quantities** for **allocation groups 4 and 6** for each **gas gate** and **retailer** by applying the **gas gate residual profile** to the consumption information submitted by each **retailer**; and
- 42.2.9 Aggregate for each **retailer**, for each **day**, for each **gas gate**, the quantities for each **allocation group** to produce total daily **allocated quantities** by **retailer** by **gas gate**.

43. Transitional calculation of UFG factors

- 43.1 When performing an **initial allocation**, **interim allocation** or **final allocation** during the 24 **month** period that commences on the go-live date and ends on 30 September 2010, the **allocation agent** must calculate **UFG** factors in accordance with this rule.
- 43.2 The **allocation agent** must apply in accordance with rule 42 -
  - 43.2.1 the transitional annual **UFG** factor to **consumption information submitted for allocation groups 1 and 2**; and
  - 43.2.2 the monthly **UFG** factor to **the consumption information submitted for allocation groups 3, 4, 5 and 6**.
- 43.3 For the purposes of this **rule**:
  - 43.3.1 the monthly **UFG factor** means the factor determined by dividing:
    - (a) the total energy injection quantities for that **month for a particular gas gate** provided by the **transmission system owner** under rule 38 **less** the total aggregate quantity of gas allocated to allocation groups 1 and 2 under rule 42; by
    - (b) the sum of the consumption information **submitted by all retailers** for allocation groups 3, 4, 5 and 6 **for the**

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month for the gas gate provided in accordance with rules 29 to 31 ;

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43.3.2 the transitional annual UFG factor to be applied to the energy quantities submitted for allocation groups 1 and 2 for a particular gas gate means –

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(a) For the twelve months ended 30 September 2009, the factor determined by dividing the total injection quantities for the gas gate during the twelve months up to and including September 2007 by the sum of the consumption information submitted to the allocation agent by all retailers (including the incumbent retailer) for annual reconciliation purposes for the gas gate for the same 12 months; or

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(b) For the twelve months ended 30 September 2010, factor determined by dividing the total injection quantities for the gas gate during the twelve months up to and including September 2008 by the sum of the consumption information submitted to the allocation agent by all retailers (including the incumbent retailer) for annual reconciliation purposes for the gas gate for the same 12 months; or

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43.4 The allocation agent must determine and publish:

43.4.1 the transitional annual UFG factor which will apply for the gas year beginning on –

(a) 1 October 2008 at least 40 business days before the go-live date; and

(b) 1 October 2009 on the 5<sup>th</sup> business day of July 2009; and

43.4.2 the monthly UFG factor which will apply for each month by 0800 hours on the 5<sup>th</sup> business day of each month.

44. Calculation of UFG factor

44.1 When performing an initial allocation, interim allocation or final allocation in any month after the month ended 30 September 2010 the allocation agent must calculate the UFG factor in accordance with this rule.

44.2 the allocation agent must apply in accordance with rule 42 -

44.2.1 the annual UFG factor to the consumption information submitted for allocation groups 1 and 2; and

the monthly UFG factor to the consumption data submitted for allocation groups 3, 4, 5 and 6.

44.3 For the purposes of this rule –

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44.3.1 the monthly **UFG factor** means the factor determined by dividing:

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(a) the total energy injection quantities for that **month for a particular gas gate** provided by the **transmission system owner** under rule 38 **less** the total aggregate quantity of gas allocated to allocation groups 1 and 2 under rule 42; by

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(b) the sum of the **consumption information submitted by all retailers** for allocation groups 3, 4, 5 and 6 **for the month for the gas gate** provided in accordance with rules 29 to 31; and

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44.3.2 the **annual UFG factor to be applied to the energy quantities submitted for allocation groups 1 and 2 for a gas year for a particular gas gate** means the factor determined by dividing the **total injection quantities for the gas gate** during the 12 months up to and including February of the previous **gas year** by the sum of the **most recent consumption data submitted to the allocation agent by all retailers for the gas gate for the same 12 months**.

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44.4 The **allocation agent** must determine and **publish**:

44.4.1 The monthly **UFG factor** which **has been applied** for each **month for each gas gate** by 0800 hours on the 5<sup>th</sup> **business day** of each **month**; and

44.4.2 the annual **UFG factor** which will apply for each **gas year for each gas gate** by the 5<sup>th</sup> **business day** of July in the previous **gas year**.

45. Initial allocation

45.1 For the purposes of these **rules**, an **initial allocation** means, in relation to a **gas gate**, the allocation of gas quantities in accordance with rule 42 in the **month** immediately after the relevant **consumption period**.

45.2 By 0800 hours on the 5<sup>th</sup> **business day** of each **month**, the **allocation agent** must –

45.2.1 Perform the **initial allocation** with respect to each **gas gate**; and

45.2.2 Provide the following reports to each **retailer**:

(a) A report setting out the quantities of gas allocated to that **retailer** at each **gas gate** for the previous **month**; and

(b) A report of the **gas gate residual profile** derived from the **initial allocation**.

46. Interim allocation

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**46.1** For the purposes of these **rules**, an **interim allocation** means, in relation to a **gas gate**, the allocation of gas quantities in accordance with rule 42 in the **month** that is 4 **months** after the relevant **consumption period**.

**46.2** By 0800 hours on the 12<sup>th</sup> **business day** of each **month**, the **allocation agent** must –

**46.2.1** Perform the **interim allocation** with respect to each **gas gate**; and

**46.2.2** Provide the following reports to each **retailer**:

- (a) A report setting out the quantities of gas allocated to that **retailer** at each **gas gate** for the **month** that is the subject of the **interim allocation**; and
- (b) A report of the revised **gas gate residual profile** derived from the **interim allocation**.

### **47. Final allocation**

**47.1** For the purposes of these **rules**, a **final allocation** means, in relation to a **gas gate**, the allocation of gas quantities in accordance with rule 42 in the **month** that is 13 **months** after the relevant **consumption period**.

**47.2** By 0800 hours on the 12<sup>th</sup> **business day** of each **month**, the **allocation agent** must –

**47.2.1** Perform the **final allocation** with respect to each **gas gate**; and

**47.2.2** Provide the following reports to each **retailer**:

- (a) A report setting out the quantities of gas allocated to that **retailer** at each **gas gate** for the **month** that is the subject of the **final allocation**; and
- (b) A report of the revised **gas gate residual profile** derived from the **final allocation**.

### **48. Special allocations**

**48.1** Up and until 12 **months** after a **final allocation** has been performed, the **industry body** may require the **allocation agent** to perform a **special allocation** in addition to an **initial allocation**, **interim allocation**, or **final allocation**.

**48.2** Before the **industry body** makes a request under rule 48.1 –

**48.2.1** The **industry body** must be of the opinion that the current allocation information or **allocation results** are sufficiently unfair that it is not appropriate to wait until the next scheduled **initial allocation**, **interim allocation**, or **final allocation** is performed; and

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**48.2.2** The **industry body** must balance the unfairness of the current allocation information or **allocation results** against any commercial reasons for retaining the current **allocation results**.

**48.3** Subject to this rule and rule 42, the **industry body** may determine any specific procedures that will apply to a **special allocation**.

### 49. Annual Reconciliation

**49.1** The purpose of an **annual reconciliation** is to verify the performance of the allocation processes set out in rules 44.4, 46, and 47 for the previous **year** by comparing the consumption information provided to the **allocation agent** by each **retailer** during the previous **year** with the quantities billed to each consumer during that **year**.

**49.2** For the purposes of an **annual reconciliation**:

**49.2.1** Each **retailer** must, by 1700 hours on the last **business day** of October in each **year**, provide to the **allocation agent** the total energy sales quantities by allocation group by **gas gate** calculated from the quantities billed to each consumer during the previous **year**.

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**49.2.2** The **allocation agent** must, by 1200 hours on the last **business day** of November in each **year**, compare the total energy sales quantities provided by each **retailer** for each **gas gate** in accordance with rule 49.2.1 with the sum of the 12 **months** consumption information submitted by each **retailer** for each **gas gate** during the previous **year**; and

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**49.2.3** The **allocation agent** must **publish** the results of the comparison performed under rule 49.2.2 by 1700 hours on the last **business day** of second week of December in each **year**.

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### 50. Allocation agent reports

**50.1** By 1200 hours on the 1<sup>st</sup> **business day** of each **month**, the **allocation agent** must **publish** the seasonal adjustment daily shape values calculated in accordance with rule 33.3 for every **gas gate**.

**50.2** By 0800 hours on the 13<sup>th</sup> **business day** of each **month**, the **allocation agent** must **publish** the following reports in respect of each **gas gate**:

**50.2.1** The total actual daily energy quantities injected at each **gas gate** as provided by the transmission system owner during the previous **month** under rule 38; and

**50.2.2** The total **gas** allocated to each **retailer** in the previous **month** under **rules** 45 to 48; and

**50.2.3** The quantity and percentage of **UFG** at each **gas gate** for the previous **month** and rolling 12 **months**; and

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**50.2.4** Whether the information referred to at **rules** 50.2.1 to 50.2.3 relates to an **initial allocation**, **interim allocation**, **final allocation** or **special allocation**.

**50.3** By 1200 hours on the 5<sup>th</sup> **business day** of October in each **year** the **allocation agent** must provide a report to the **industry body** on the percentage of accuracy between:

**50.3.1** the consumption information provided during the previous **gas year** by each **retailer** to the **allocation agent** for **initial allocations** under rule 29; and

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**50.3.2** the consumption information provided during the previous **gas year** by each **retailer** to the **allocation agent** for **final allocations** under rule 31;

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for each **gas gate** for **allocation groups** 3 to 6.

### Part 3

#### *Approval and Registration of deemed profiles*

#### **51. Allocation agent to approve and register deemed profiles**

**51.1** The **allocation agent** must establish a register which records **static deemed profiles** and **dynamic deemed profiles** approved under these **rules** which may be used by **retailers** for the purpose of providing consumption information to the **allocation agent** in relation to **consumer installations** in allocations groups 3 and 5 respectively.

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**51.2** Any deemed profiles which exist at the go-live date are deemed to be approved once they are entered on the register by the **allocation agent**.

#### **52. Registration of static deemed profiles**

**52.1** For the purposes of these **rules**, a **static deemed profile** is a pre-determined estimate of daily gas quantities which is used to define the daily profile of consumption during a **consumption period** for the **consumer installation** or class of **consumer installations** to which it applies.

**52.2** In order to register a static deemed profile for a **consumer installation** or class of **consumer installations**, the **retailer** must request that the **allocation agent** approve the **static deemed profile** and provide the following information to the **allocation agent**:

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**52.2.1** Twelve consecutive **months** of historic consumption information for that **consumer installation** or class of **consumer installations** and estimates of future variations in that information; or

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52.2.2 In the absence of twelve consecutive **months** of historic consumption information –

- (a) Sample historic consumption information for that **consumer installation** or class of **consumer installations, consumer installation** operating information, twelve consecutive **months** of historic actual monthly consumption information, and estimated future variations; or
- (b) An estimated consumption profile based on **consumer installation** operating information, twelve consecutive **months** of historic consumption information for that **consumer installation** or class of **consumer installations**, and estimated future variations; or
- (c) An estimated consumption profile based on a daily consumption profile for a similar type of **consumer installation** and historic actual monthly consumption information; or
- (d) An estimated consumption profile based on **consumer installation** operating information or a daily consumption profile for a similar type of **consumer installation**.

52.3 The **allocation agent** must consider the information provided under rule 52.2 and determine whether the **static deemed profile** will be a reasonable representation of the actual consumption profile of the **consumer installation** or class of **consumer installations** to which it will apply.

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52.4 The **allocation agent** must make its determination under rule 52.3 within 10 **business days** of receiving a request for approval and notify the **retailer** of its determination. The **allocation agent** must either accept or reject the registration of the **static deemed profile**.

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### 53. Registration of dynamic deemed profiles

53.1 For the purposes of these **rules**, a **dynamic deemed profile** is a consumption profile that changes in accordance with information obtained from **TOU meters** installed at one or more sample **consumer installations** that are representative of the daily consumption profile of the **consumer installation** or class of **consumer installations** to which it is applied.

53.2 In order to register a **dynamic deemed profile** for a **consumer installation** or class of **consumer installations**, the **retailer** must request that the **allocation agent** approve the **dynamic deemed profile** and provide the following information to the **allocation agent**:

53.2.1 Consumption information obtained during the **consumption period** from a **TOU meter** installed at the sample **consumer installation** or installations, as the case may be, that will provide the basis of the **dynamic deemed profile**; and

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**53.2.2** Sufficient detail of the **consumer installations** or class of **consumer installations** to which the **dynamic deemed profile** will apply to enable the **allocation agent** to verify that the **dynamic deemed profile** is appropriate for that **consumer installation** or class of **consumer installations**.

**53.3** The **allocation agent** must consider the information provided under rule 53.2 and determine whether the **dynamic deemed profile** will be a reasonable representation of the actual consumption profile of the **consumer installation** or class of **consumer installations** to which it will apply.

**53.4** The **allocation agent** must make its determination under rule 53.3 within 10 **business days** of receiving the request for approval and notify the **retailer** in writing of its determination. The **allocation agent** must either accept or reject the registration of the **dynamic deemed profile**.

### 54. Certain retailers may request review of deemed profiles

**54.1** Any **retailer** with a **registered deemed profile** may, by notice, request the **allocation agent** to:

**54.1.1** review and amend that **registered deemed profile**; or

**54.1.2** amend the characteristics of the **consumer installation** or class of **consumer installations** to which it applies.

**54.2** In order to enable the **allocation agent** to carry out a review under rule 54.1, the **retailer** must provide the information referred to in rule 52.2 or rule 53.2, as applicable.

**54.3** The **allocation agent** must consider the information provided under rule 54.2 and determine whether, if amended as requested by the **retailer**, the **registered deemed profile** is a reasonable representation of the actual consumption profile of the **consumer installation** or class of **consumer installations** to which it applies.

**54.4** The **allocation agent** must make its determination under rule 54.3 within 10 **business days** of receiving a request under rule 54.1 and notify the **retailer** of its determination. The **allocation agent** must either accept or reject the amendment to the **registered deemed profile**.

### 55. Allocation participants may challenge deemed profiles

**55.1** Any **allocation participant** may challenge by notice to the **allocation agent** the use by a **retailer** of a **registered deemed profile** in respect of a **consumer installation** or class of **consumer installations**.

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**55.2** The **allocation participant** must include in the notice given under rule 55.1 the reasons for the challenge and any information available to it relating to the challenge of the register deemed profile.

**55.3** The **allocation agent** must determine whether the **registered deemed profile** continues to be a reasonable representation of the actual

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consumption profile of the **consumer installation** or class of **consumer installations** to which it applies in light of the information provided under rule 55.2.

**55.4** The **allocation agent** must make its determination within 20 **business days** of receiving the notice under rule 55.1 and notify all affected **allocation participants** of its determination.

### **56. Removal of registered deemed profile from register**

**56.1** If the **allocation agent** determines under rule 55.3 that a **registered deemed profile** is no longer a reasonable representation of the actual consumption profile of the **consumer installation** or class of **consumer installations** to which it applies, the **allocation agent** must:

**56.1.1** Remove the **registered deemed profile** from the register; and

**56.1.2** Advise the **retailer** which registered the deemed profile of the date on which the deemed profile was removed from the register.

**56.2** Where a deemed profile is removed from the register, the **retailer** which applied for approval of the profile under **rules** 52.2 or 53.2 must advise the **allocation agent** of the date on which the profile was removed from the register when next providing consumption information to the **allocation agent** in respect of the **consumer installation** or class of **consumer installations** to which that deemed profile applied.

### **57. Costs of deemed profile registration**

**57.1** The **retailer** which requests approval of a deemed profile under **rules** 52.2 or 53.2 must pay the **allocation agent's** costs of registering the deemed profile.

**57.2** In relation to meeting the costs of the **allocation agent** for reviewing a **registered deemed profile**, the **retailer** requesting the review must pay to the **allocation agent**, the actual and reasonable costs of the review.

**57.3** In relation to meeting the costs of the **allocation agent** for considering a challenge to the use of a **registered deemed profile**,

**57.3.1** The **allocation participant** that made the challenge must pay to the **allocation agent** the actual and reasonable costs of the **allocation agent** if the **allocation agent** determines that the **registered deemed profile** is acceptable; and

**57.3.2** The **retailer** that used the **registered deemed profile** must pay to the **allocation agent** the actual and reasonable costs of the **allocation agent** if the **allocation agent** determines that the **registered deemed profile** should be removed from the register.

## Part 4

Audits

58. **Industry body to commission performance audits**

58.1 The **industry body** must cause to be conducted at regular intervals performance audits of the **allocation agent** and **allocation participants**.

58.2 The purpose of a performance audit under this rule is to assess in relation to the **allocation agent** or an **allocation participant**, as the case may be, -

58.2.1 The performance of the **allocation agent** or that **allocation participant** in terms of compliance with these **rules**; and

58.2.2 The processes and systems of the **allocation agent** or **allocation participant** that have been put in place to enable compliance with these **rules**.

58.3 The **industry body** in its sole discretion will determine –

58.3.1 When a performance audit under this rule is to be conducted; and

58.3.2 The party who is to be audited; and

58.3.3 Subject to rule 61, who will be appointed as the auditor.

59. **Industry body may commission event audits**

59.1 In addition to performance audits under rule 58, the **industry body** may cause to be conducted at any time an event audit of the **allocation agent** and **allocation participants**.

59.2 The purpose of an event audit under this rule is to ascertain the cause or causes of any particular issue or event that has arisen in relation to the allocation of gas under these **rules**.

59.3 The **allocation agent** or any **allocation participant** may request the **industry body** to cause an event audit to be performed under rule 59.1.

59.4 If the **industry body** receives a request under rule 59.1, the **industry body** must, in its sole discretion, decide whether to grant or refuse the request. However, the **industry body** must not grant a request that, in the opinion of the **industry body**, is frivolous or vexatious or is not made in good faith.

60. **Time restriction on audit material**

In conducting an audit under rule 58 or 59, the auditor must not consider any action, circumstance, event, or inaction that occurred **24 months** before the date the audit was requested by the **industry body**. unless the auditor considers that access to information older than 24 months may be necessary to resolve a particular issue or event.

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### 61. Who may be appointed as auditors

- 61.1** In appointing an auditor, the **industry body** must appoint a person who is independent to and not in a position of conflict of interest with the **allocation agent** or the **allocation participant**, as the case may be, that is to be audited.
- 61.2** No officer or employee of the **industry body** may be appointed as an auditor.
- 61.3** The party that is to be the subject of the audit may recommend one or more auditors for the **industry body's** consideration.

### 62. Provision of information to auditor

- 62.1** In conducting an audit under rule 58 or 59, the auditor may request any information from the **allocation agent** and any **allocation participant**, and may examine the processes, systems and data which may affect the completeness or accuracy of the **allocated quantities**. [Note: Relying only on information being provided by participants has proved in the past to be insufficient to resolve excess UFG issues. The auditor needs to be able to drill down into reconciliation systems and historical data.]
- 62.2** Any request under rule 62.1 must be reasonable and strictly for the purposes of the audit.
- 62.3** The **allocation agent** and every **allocation participant** must comply with a request under rule 62.1 but nothing in this rule limits any claim for legal professional privilege.
- 62.4** In providing information to the auditor, an **allocation participant** may indicate to the auditor that such information is considered by the **allocation participant** to be confidential.
- 62.5** For the purposes of these **rules**, information is confidential if the **allocation participant** to whom the information belongs considers that the information is commercially sensitive.

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### 63. Auditor to prepare draft audit report

- 63.1** The auditor must prepare, in writing, a draft audit report on the conclusions reached and recommendations formulated as a result of conducting an audit under rule 58 or 59.
- 63.2** Subject to rule 65, the auditor must give a copy of the draft audit report to
- 63.2.1** The party that was the subject of the audit; and
- 63.2.2** The **allocation agent**, if the **allocation agent** was not the subject of the audit; and
- 63.2.3** Any other **allocation participant** which the auditor considers has an interest in the report; and

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### 63.2.4 The industry body.

**63.3** In providing the draft audit report under rule 63.2, the **allocation agent**, the **allocation participants** referred to in that rule, and the **industry body** have 10 **business days** from the date the report is sent to them to provide the auditor with comments on the report.

## 64. Auditor to prepare final audit report

**64.1** Before the auditor prepares a final audit report on the conclusions reached and recommendations formulated as a result of conducting an audit under rule 58 or 59, the auditor must take into account any comments received on the draft audit report.

**64.2** The final audit report must be in writing and, if so requested by the party that was the subject of the audit, must include as an appendix any comments from that party on the draft audit report.

**64.3** Subject to rule 65, the auditor must give a copy of the final audit report to—

**64.3.1** The party that was the subject of the audit; and

**64.3.2** The **allocation agent**, if the **allocation agent** was not the subject of the audit; and

**64.3.3** Any other **allocation participant** which the auditor considers has an interest in the report; and

**64.3.4** The **industry body**.

**64.4** Once the auditor has given a final audit report under this rule, the report may not be altered in any way.

## 65. Confidential information in audit reports

**65.1** In providing a draft audit report or final audit report, the auditor must provide a complete version to the **industry body**.

**65.2** However, at the discretion of the **industry body**, the versions of the draft audit report and the final audit report provided to any other person under these **rules** may exclude any confidential information obtained in the conduct of the audit.

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## 66. Publication of final audit reports

Subject to rule 65, the **industry body** must **publish** all final audit reports.

## 67. Use of final audit reports

To avoid any doubt, a final audit report may be used –

**67.1** For the purposes of the Gas (Compliance) Regulations 2007:

**67.2** For the purposes of considering any amendments to these **rules**:

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- 67.3** By the **industry body** –
- 67.3.1** Under rule 48.3 to request the **allocation agent** to perform a **special allocation** in addition to an **initial allocation**, **interim allocation**, or **final allocation** as the case may be:
- 67.3.2** For the purpose of auditing the performance of the **allocation agent** under the **allocation agent service provider agreement**:
- 67.3.3** For any other purposes that it considers necessary.

### **68. Responsibility for audit costs**

- 68.1** In relation to an audit under rule 58, the party that is being audited must pay the costs of the auditor.
- 68.2** In relation to an audit under rule 59, the following provisions apply:
- 68.2.1** If the auditor concludes that a material issue has been raised in relation to compliance with these **rules**, -
- (a) the **allocation agent** or the **allocation participant** to which the material issue relates must pay the costs of the auditor, and if the material issue relates to more than one party, then the parties must pay the costs of the auditor in such portions that reflect their contribution to that material issue as determined by the auditor; and
- (b) If the auditor concludes that no material issue has been raised in relation to compliance with these **rules**, the costs of the auditor must be apportioned between such of the **allocation agent** and the **allocation participants**, as the case may be, as the **industry body** determines in its sole discretion.
- 68.3** For the purposes of this rule, the costs of the auditor are those costs that have been agreed between the **industry body** and the auditor.

## **Part 5**

### **Transitional provisions**

#### **69. Treatment of allocations initiated before the go-live date**

Allocations started by the incumbent **allocation agent** but not completed before the **go-live date** will be completed by the incumbent **allocation agent** in accordance with the allocation agreement.

#### **70. Transitional exemption**

- 70.1** An **allocation participant** may apply in writing to the **industry body** for a transitional exemption from complying with one or more of these **rules**.

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- 70.2** A transitional exemption applies for a period set out in the exemption and must set out alternative arrangements for complying with one or more of the **rules**.
- 70.3** In the application, the **allocation participant** must set out in detail the reasons for the exemption, the period for which the exemption should be in effect, and what alternative arrangements should apply.
- 70.4** If, after considering their reasons, the **industry body** is satisfied that a transitional exemption should be granted, the **industry body** may by notice grant the transitional exemption to the **allocation participant** which, in addition to stating the alternative arrangements that will apply, may be subject to such other conditions as the **industry body** thinks fit.

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**Schedule A**

**Metering errors**

| <b>Metering error</b>                 | <b>Correction criteria</b>  |
|---------------------------------------|---|
| <b>Minimum flow rate</b>              | <p><b>Meters</b> are to be considered capable of measuring accurately down to the minimum flow rate for accurate measurement specified by the manufacturer, i.e. Qmin. While a <b>meter</b> will generally continue to register flow at flow rates less than Qmin, no corrections to volumes measured, where the <b>meter</b> was known to have been operating below Qmin, may be based on the performance of the <b>meter</b> at flows below Qmin. Such may only be applied if other suitable data is available.</p>   |
| <b>Meter equipment failure</b>        | <p>Where <b>metering equipment</b> has failed completely, the methods of calculating delivered volume, in order of preference, are:</p> <ul style="list-style-type: none"> <li>• To use data from check metering;</li> <li>• To aggregate data from downstream <b>metering equipment</b> (with due allowance for <b>UFG</b> if applicable);</li> <li>• To base on historical consumption data;</li> <li>• To base on downstream consumer production figures.</li> </ul>   |
| <b>Meter found to be in error</b>     | <p>If during as-found testing any test result is outside the allowable error limits, the <b>meter</b> is to be tagged to show that a correction may be required. The <b>meter</b> will not have its seals broken until such tests, as may be required, are completed.</p> <p>If the in-service operating range of the <b>meter</b> is known (for example, from <b>TOU</b> data or otherwise), correction is to be based on the error or errors applicable to that range. Generally, a volume-weighted error, or the error-versus-flow relationship established from testing across the range is to be used to determine the correction.</p> <p>If the in-service operating range of the <b>meter</b> is not known, the correction is to be based on the arithmetic average of the errors found from tests performed as specified above, i.e. at Qmin, 20%, 50% and Qmax.</p> <p>The period over which a correction is to be applied will be as provided in rule 41.4.</p> |
| <b>Corrector failure</b>              | <p>Where a corrector has failed completely, the corrected volume will be calculated from the uncorrected volume measured by the <b>meter</b>, using:</p> <ul style="list-style-type: none"> <li>• An appropriate correction factor data from a period when the corrector was functioning properly; or</li> <li>• Independent corrections for pressure and temperature and other factors (if applicable).</li> </ul>   |
| <b>Corrector found to be in error</b> | <p>Correctors generally operate within a narrow range in terms of correction factor, reading or output signal (as the case may be). If during as-found testing such instruments are found to be in error, corrections are to be based on adjustments for the difference between the as-found factor, reading or output and the normal or expected value of such factor, reading or output.</p>  |

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| <b>TOU device or data logger failure</b> | Where a datalogger associated with <b>TOU metering</b> fails, and daily quantity data is not available, the methods of determining a correction, in order of preference, are: <ul style="list-style-type: none"><li>• To distribute the total volume for the period over the <b>days</b> in the period by applying a typical profile from a corresponding prior period; and</li><li>• To use data from check metering where available.</li></ul> |
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| Calculate the <b>month</b> end energy purchased information of <b>allocation groups</b> 4 and 6 for each <b>gas gate</b> and <b>retailer</b> by applying the relevant <b>UFG</b> factor calculated in accordance with rules 43 or 44 to the consumption information |              |                             |
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| profile of daily energy purchased   |              |                             |
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| calculated under rule 42.2.6  |              |                             |
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