

Subject	Gas (Downstream Reconciliation) Rules 2008 Guideline note rule 5 – definition of gas gate
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1. Introduction

1.1 Rule 5 of the Gas (Downstream Reconciliation) Rules 2008 (“the Rules”) defines the terms used in the Rules. The definition of “gas gate” as set out in rule 5 is as follows:

- 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
 - (c) two gas distribution systems; or
 - (d) a group of gas gates, as determined and published by the industry body, treated as a single gas gate for the purposes of these rules;

1.2 Many provisions in the Rules set out obligations and functions for allocation participants and the allocation agent in respect of gas gates. The purpose of this note is to provide guidance on how the definition of “gas gate” is to be applied by allocation participants and the allocation agent in those situations.

1.3 This note is explanatory in nature and is not legally binding. It needs to be read in conjunction with the Rules and the general approach set out in this note in no way reduces the requirement upon participants to know and comply with their obligations under the Rules.

2. Interpretation of “gas gate” and gas measurement system connections

2.1 One allocation participant has raised a concern regarding subclause (c) in the definition of “gas gate” ie a point of connection between two gas distribution systems. The concern is that the definition could be interpreted by allocation participants to include connections between a distribution system (owned by one person) and a gas measurement system (owned by a different person) – on the basis that a gas measurement system could be considered to a

distribution system in its own right. One potential consequence of such an interpretation is that every connection between a distribution system and a consumer's gas measurement system (where owned by a third party) could arguably be considered a "gas gate".¹

- 2.2 It is not the intention of Rules that the point of connection between a distribution system owned by one person and a downstream gas measurement system owned by a different person be considered a "gas gate".
- 2.3 This approach adopted in respect of points of connections between distribution systems in the definition of "gas gate" in the Rules is the same adopted in the Gas (Switching Arrangements) Rules 2008.
- 2.4 The inclusion in the definition of gas gate of "the point of connection between two gas distribution systems" is intended to cover embedded networks, for example Waitoki B (WTK33902). Although embedded networks are not as common for gas as with embedded electricity networks, for the overall effectiveness of the switching and downstream reconciliation regulatory regimes, it was considered necessary for embedded networks to be captured. While it may be possible to mount a technical legal argument for the inclusion of third party gas measurement system connections as gas gates, Gas Industry Co considers that approach to be contrary to the scheme and purpose of the Rules (and, for that matter, the Gas (Switching Arrangements) Rules 2008).
- 2.5 Accordingly, in applying the definition of "gas gate" under the Reconciliation Rules, a gas gate is not to include a point of connection between a distribution system and a downstream gas measurement system.
- 2.6 Gas Industry Co will in due course consider whether a rule change is appropriate to remove any potential ambiguity surrounding this issue.

The definition of "gas gate" under the Gas (Downstream Reconciliation) Rules 2008 is not to be applied as including a point of connection between a distribution system and a downstream gas measurement system.

¹ Allocation participants have provided information to Gas Industry Co indicating there are likely to be more than 150,000 of these types of situations – in which case the ability to efficiently and reliably carry out downstream allocation and reconciliation would be significantly hindered. In addition, this approach would make the operation of the Gas (Switching Arrangements) Rules 2008, and the gas registry under those rules, administratively untenable.