

Allocation Agent

Self Review Performance Report



August 2011

This report contains a monthly self review of performance of the Allocation Agent operations. This is conducted in accordance with rule 12 of the Gas (Downstream Reconciliation) Rules 2008.

Table of Contents

1. Introduction	3
1.1 Purpose	3
1.2 Contact Details.....	3
2. Self Review Report.....	4
2.1 Allocation agent operations.....	4
2.2 Performance Standards	12
2.3 Overall comment	15

1. Introduction

1.1 Purpose

This report is a monthly self review of the allocation agent function performed by NZX Energy under contract to the Gas Industry Co. The review is conducted in accordance with rule 12 of the Gas (Downstream Reconciliation) Rules 2008.

1.2 Contact Details

The following is a list of contact details for further information or questions pertaining to this report:

Management Inquiries

Erich Livengood, Head of Energy

04 498 0026

Allocation Operations

Rebecca Young, Energy Analyst

04 498 2184

2. Self Review Report

2.1 Allocation agent operations

The review period for this report is August 2011, and the allocations performed during this month.

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

- The initial allocation for July 2011, interim allocation for April 2011 and final allocation for July 2010.

July 2011 Initial allocation incident updates

- The initial allocation for July 2011 was published on 5 August 2011 and a second initial allocation was published on 8 August 2011 due to updated contract information for a retailer¹.
- The GAR130 zip file was uploaded on 8 August 2011 for the second initial allocation. The Greater Auckland (GTA03610) gas gate fell outside of the OATIS tolerance limit at -0.261GJ.
- Total net UFG is 85,982GJ in the July 2011 initial allocation. This is a decrease of 23,284GJ from the June 2011 initial allocation figure of 109,266GJ.
- The main increases/decreases were:

Gas Gate	July 2011 Initial	June 2011 Initial	Difference	% change
PAU20101	2,710	-8,533	11,243	132
GTA03610	19,609	16,233	3,376	21
NPL12101	3,565	5,777	-2,212	-38
BEL24510	7,450	10,384	-2,933	-28
FLD03001	-2,213	1,677	-3,890	-232
GTH11301	11,937	19,078	-7,141	-37
TWA35610	12,003	24,948	-12,945	-52

- The Feilding (FLD03001) gas gate has the highest negative UFG at -2,213GJ. Vector and retailers have confirmed submissions for this gas gate.

¹ The Gas Allocation System requires submissions to be uploaded after Trader Notifications are entered into the system. This sequence is required in order to conform to the validation requirements of the Functional Specification.

April 2011 Interim allocation incident updates

- There were 83 gas gates with allocation amendments in the interim allocation run. Ten gas gates had amended injection quantities, with nine of these being unmetered gas gates.
- Total net UFG decreased from the initial allocation figure of 92,213GJ to 43,772GJ for the interim allocation.

The main decreases in UFG (in GJ):

Gas Gate	Apr 11 Interim	Apr 11 Initial	Difference	% change
PLN24201	3,168	5,169	-2,001	-39
WAG21501	1,988	4,088	-2,100	-51
GTA03610	12,659	17,805	-5,146	-29
TWA35610	11,187	20,369	-9,182	-45
BEL24510	4,050	14,041	-9,992	-71

- The highest negative UFG was at Whakatane WHK32101 at -2,374GJ.
- The GAR130 zip file was successfully uploaded to OATIS on 15 August 2011. Greater Auckland GTA03610 fell outside of OATIS tolerance limits at 0.105GJ.

July 2010 Final allocation incident updates

- Total net UFG is 58,958GJ, down from the net interim allocation figure of 71,175GJ.
- The main decreases in UFG (in GJ):

Gas Gate	Jul 10 Final	Jul 10 Interim	Difference	% change
HST05210	1,263	5,167	-3,904	-76
GTH11301	4,736	9,173	-4,437	-48

- The highest negative UFG was at Whakatane WHK32101 (-1956.482GJ).
- Gas gate allocation data was loaded successfully into OATIS on 29 August 2011. The Edgecumbe DF EGC30701, Greater Auckland GTA03610 and Tawa TWA35610 gas gates fell outside of OATIS tolerance at 1.772GJ, -0.291GJ and 0.102GJ respectively.
- 75 gas gates had amended allocation quantities. 11 of these had amended injection quantities, and 10 are unmetered gas gates.

July 2009 to January 2010 Special allocation summary

Consumption Month	Date Loaded on OATIS	Gas Gate(s) Out of Tolerance	Amount (GJ)
Jul 09	18 August 2011	GTA03610	0.239
Aug 09	22 August 2011	None	N/A
Sep 09	23 August 2011	GTA03610	-0.171
Oct 09	23 August 2011	GTA03610	0.132
Nov 09	24 August 2011	GTA03610	0.108
Dec 09	25 August 2011	GTA03610	0.131
Jan 10	25 August 2011	None	N/A

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

Ref#	Date	Rule	Allocation	Participant	Details
2011-238	3-Aug	39.2.3	Jul 11 initial	GENG	Late trade notification
2011-239	4-Aug	26.2.1, 31.1	Jul 11 initial	GMTH	Provision of inaccurate consumption information
2011-241	4-Aug	31, 26.2.1	Jul 11 initial	GNVG	Late submissions and provision of inaccurate consumption information for LAB20201.
2011-242	7-Jun	26.2.1	May 11 initial	VCTX	Failure to provide accurate injection information at WHK32101.
2011-249	4-Aug	41.1	Jul 11 initial	VCTX	Failure to provide actual injection information at PLN24201 and HEN74101 by the required time.
2011-250	4-Aug	26.2.1, 41.1	Jun 11 initial	VCTX	Failure to provide actual, accurate injection information at HEN74101.
2011-251	6-Jul	26.2.1, 41.1	Jun 11 initial	VCTX	Failure to provide actual injection information at WHK32101
2011-256	21-Jul 19-Aug	45.2.7(c)	Jun 10 final Jul 10 final	ALLA	Incorrect application of rule 45.2.7 (c) by the allocation agent.
2011-257	7-Jun 6-Jul 4-Aug	26.2.1, 41.1	May 11 initial Jun 11 initial Jul 11 initial	VCTX	Failure to provide actual injection information at PAU20101.

Estimated Time of Use data:

Under rules 31.1, 32.1 and 33.1, consumption data supplied for allocation groups 1 and 2 should be actual daily energy quantities. The following are alleged breaches of this rule:

Ref#	Date	Rule	Allocation	Participant	Gas Gates Affected
2011-237	4-Aug-11	31.1	Jul-11 I	CTCT	HST05210, MNA23402
2011-240	4-Aug-11	31.1	Jul-11 I	GNGC	GTH11301, HST05210, TUK06501
2011- 241	4-Aug-11	31.1	Jul-11 I	GNVG	HST05210, HWA20801, NPL12101
2011-243	11-Aug-11	32.1	Apr-11 M	CTCT	MNA23402
2011-244	11-Aug-11	32.1	Apr-11 M	EDNZ	WAG21501
2011-245	11-Aug-11	32.1	Apr-11 M	GEND	PAP06603
2011-246	11-Aug-11	32.1	Apr-11 M	GMTH	GTA03610
2011-247	11-Aug-11	32.1	Apr-11 M	GNGC	WRK18901, GTT07701
2011-248	11-Aug-11	32.1	Apr-11 M	GNVG	TWA35610, ROT08101, NPL12101
2011-252	18-Aug-11	33.1	Jul-10 F	GEND	KIH19101
2011-253	18-Aug-11	33.1	Jul-10 F	GMTH	GTA03610
2011-254	18-Aug-11	33.1	Jul-10 F	GNGC	GTA03610, BEL24510, WTT20301
2011-255	18-Aug-11	33.1	Jul-10 F	GNVG	BMC17901, DAN05001, HST05210, LAB20201, WST03610

Accuracy of Consumption information:

Alleged breaches of rule 37, accuracy of consumption information for initial allocation, have been reported to the market administrator as follows in the table below for the July 2010 consumption period.

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

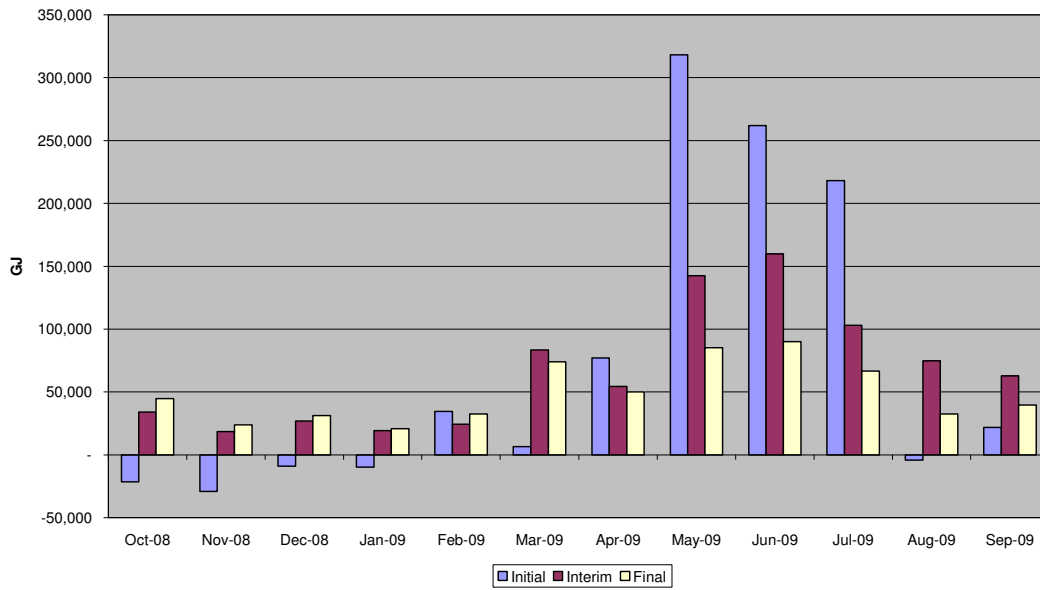
Ref#	Date	Consumption period	Participant	No. of Gas Gates outside $\pm 12.5\%$
2011-	Aug-11	Jul-10	AGCL	3
2011-	Aug-11	Jul-10	CTCT	27
2011-	Aug-11	Jul-10	EDNZ	8
2011-	Aug-11	Jul-10	EGLT	4
2011-	Aug-11	Jul-10	GENG	30
2011-	Aug-11	Jul-10	GEOL	4
2011-	Aug-11	Jul-10	MEEN	16
2011-	Aug-11	Jul-10	EGAS	1
2011-	Aug-11	Jul-10	GNGC	0
2011-	Aug-11	Jul-10	GNVG	3
2011-	Aug-11	Jul-10	BOPE	10
2011-	Aug-11	Jul-10	GMTH	0

UFG

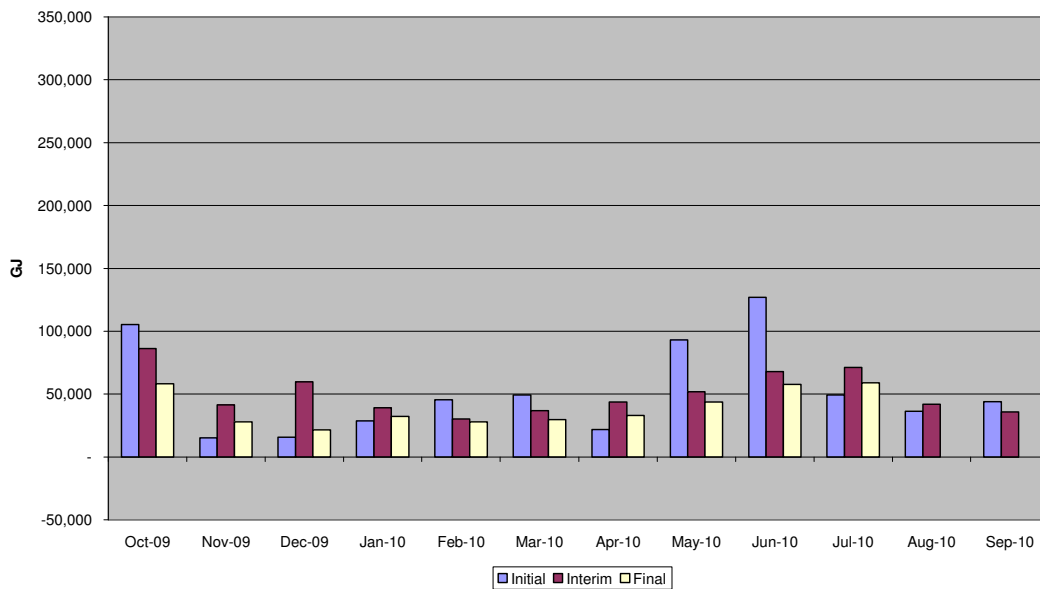
The graphs on the next page illustrate UFG to date, and in the most recent consumption month.

The 'Total Net UFG by month' shows total net UFG per allocation to date. Where there has been a special allocation, the UFG for the special supersedes the initial or interim and is shown below. For example, the total UFG below shown for the August 2009 final allocation is actually the total UFG from the August 2009 special allocation.

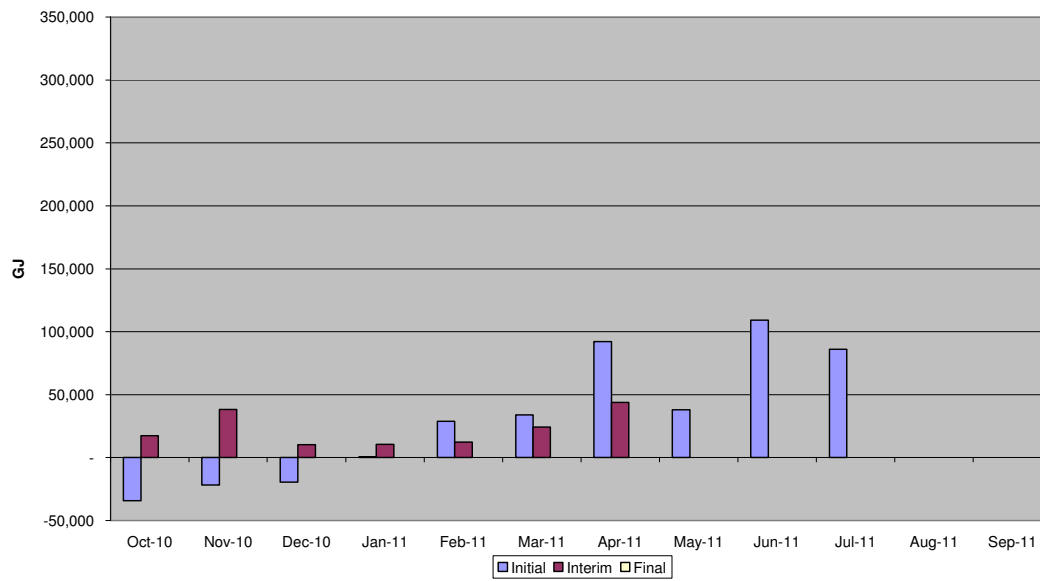
Total Net UFG by Month (Oct-08 to Sep-09)



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

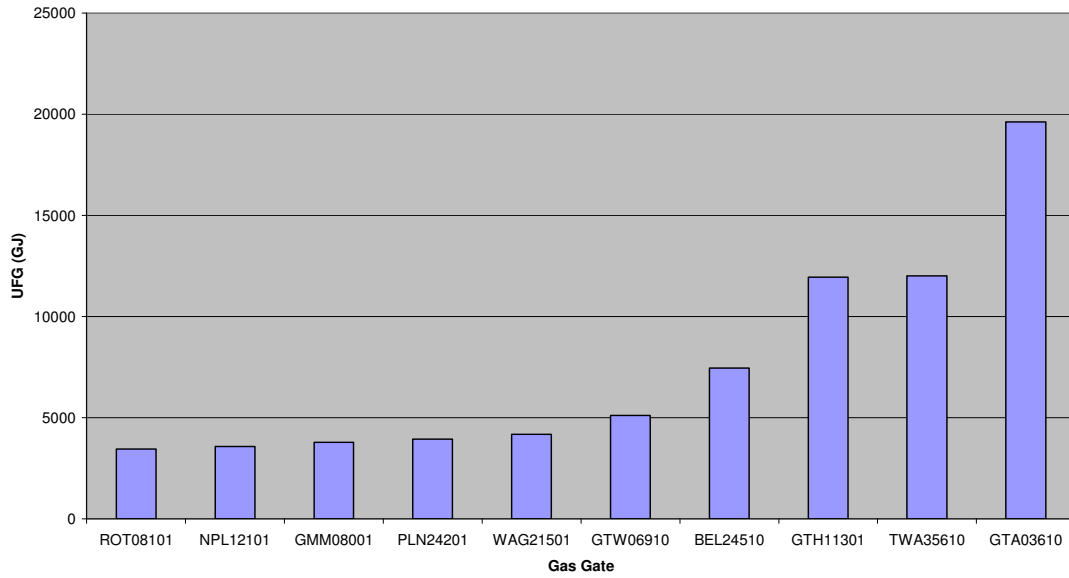


Total Net UFG by Month (Oct-10 - ongoing)

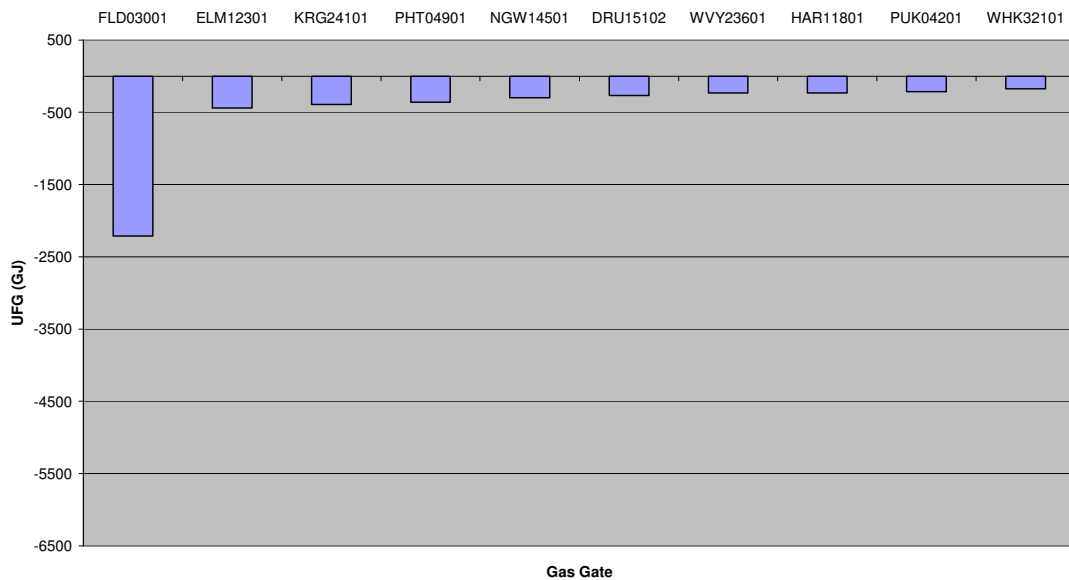


The two graphs below show the top ten positive and negative UFG gas gates for the most recent initial allocation performed.

July 2011 Initial Allocation - Positive UFG



July 2011 Initial Allocation - Negative UFG



Rule Compliance

The allocation agent self declared a breach of rule 45.2.7(c). This rule states that allocated quantities should be calculated according to Schedule 2 of the Rules when:

- The sum of daily allocated quantities for all retailers is zero (calculated according to rules 45.2.3, 45.2.4 and 45.2.6);
- Daily injection is greater than zero; and,
- One or more retailers are trading gas at the gas gate concerned.

The June 2010 final allocation and July 2010 final allocation were published on 21 July 2011 and 19 August 2011 respectively, in accordance with rule 50.2. While investigating an out of tolerance gas gate, the allocation agent discovered discrepancies between daily allocated quantities and daily injection. Upon further investigation the allocation agent determined that the allocation system does not comply with rule 45.2.7(c) when performing the global method of allocation.

The allocation agent has investigated the error and believes that there has been minimal effect to the market. The extent of the problem was estimated by determining those gas gates and consumption periods when the difference between monthly total allocated quantities and monthly injection is outside of the +/-0.1GJ tolerance level set by OATIS. Then, it was considered whether the daily total consumption is zero and daily injection is greater than zero. These potential incidents occur for six gas gates, over five consumption periods. The total amount of gas that has potentially not been allocated correctly is approximately 18 GJ.

NZX has submitted a change request to the GIC to amend the allocation system to ensure that future allocations are performed in accordance with rule 45.2.7(c). It is the Allocation Agent view that there is no requirement to take additional remedial action as the cost of re-allocation would be disproportionate to the quantity and value of gas involved in this breach.

Service Provider Agreement Compliance

Agreement Reference	Description
Schedule 3, clause 3.6	Incorrect application of rule 45.2.7 (c). Discussed above.

2.2 Performance Standards

The following tables detail allocation agent performance against agreed performance indicators.

Allocation System Performance

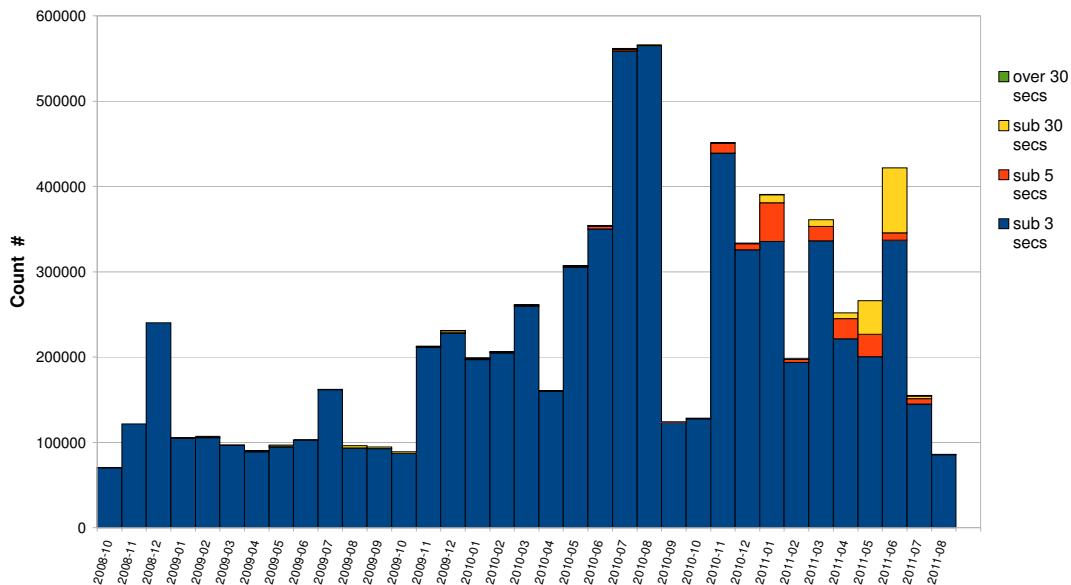
Performance Standard	Achieved	Corrective Action
Allocation System available to Allocation Participants 99.5% of the time on a 24/7 basis	✓*	
Unplanned downtime less than 0.2% of time	✓	
Every accepted transfer of information recorded in the expected manner	✓	
The capacity parameters set out in Schedule 2 are achieved	✓	

* The gas allocation portal was available for 100% of the time.

From August 2011, the allocation agent will be reporting the number of requests made to the gas allocation web portal, per month, categorised by response time. Requests include user initiated actions, such as file uploads or downloads. Importantly, requests also include the number of times a page is refreshed when a user is viewing that page. For example, the downloads page is currently refreshed every 30 seconds. This ensures that the files available for download on screen are the most up to date on the system. When a user is viewing the downloads screen, each refresh is counted as a request.

The chart below shows that performance has improved following an initial upgrade of the web site in July.

Gas Allocation Portal (Production Server): Count of Requests



Ongoing Operations Performance

Performance Standard	Achieved	Corrective Action
100% adherence to rulebook timelines	✓	
Information updated on website within one Business Day of becoming available for updating	✓	
All allocations made are correctly calculated, i.e. in accordance with the rules, and accurate	×	See above
All reports contain the required information and are securely directed to the right participant	✓	
All reports required to be published are published and are publicly available	✓	

Management Reporting Performance

Performance Standard	Achieved	Corrective Action
Incident report provided within the timeframes specified in paragraph 1.13(b) and (c) of Schedule 1	✓	
Monthly reports provided within 5 Business Days of the end of each month	✓	
Annual reports provided within 20 Business Days of the end of each Financial Year	n/a	

2.3 Overall comment

August 2011 was a busy month for the allocation agent with a re-publication of the July 2011 initial allocation. A relatively minor allocation system error was identified during the July 2010 final allocation. NZX has submitted a change request to the GIC for a code change that will resolve this error in future processing.

Over the past month, the net total UFG decreased for the July 2011 initial allocation from the June 2011 initial allocation. The net total UFG for the April 2011 interim allocation decreased substantially from the April 2011 initial allocation. Lastly, the net total UFG for the July 2010 final allocation decreased from the July 2010 interim allocation.



Erich Livengood
Head of Energy