

Allocation Agent

Self Review Performance Report

December 2010

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

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1. Introduction

1.1 Purpose

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

1.2 Contact Details

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

Management Inquiries

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Allocation Operations

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2. Self Review Report

2.1 Allocation Agent Operations

The review period for this report is December 2010, and the allocations performed during this month.

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

- The allocations performed were: initial allocation for November 2010, special allocation for November 2010, interim allocation for August 2010 and final allocation for November 2009.
- The November 2010 special allocation was successfully completed with E-Gas and Nova Gas submitting consumption volumes under allocation group 5.

November 2010 Initial Allocation incidents

- The initial allocation for November 2010 was published on 7 December 2010 without incidents.
- The allocation agent published a special allocation for November 2010 on 8 December 2010 as instructed by GIC, to ensure consumption is correctly allocated between E-Gas and Nova Gas following the transfer of customer contracts in late November. GAR060 and GAR040 reports were omitted from the special allocation to ensure there is no impact on the SADSVs for the October, November and December consumption periods.
- The GAR130 zip file was uploaded on 7 December 2010 for the initial allocation, and on 8 December 2010 following the special allocation. The Greater Auckland gas gate fell outside of OATIS tolerance limit (0.164GJ).
- The total net UFG is -21,918GJ for both initial and special allocations. This is an increase of approximately 12,000GJ from the October 2010 initial allocation figure of -34,249GJ.
- The main increases/decreases were:

| Gas Gate | Nov 10 Special | Oct 10 Initial | Difference | % change |
|----------|----------------|----------------|------------|----------|
| NPL12101 | -783 | -5,853 | 5,069 | 87 |
| GTH11301 | -3,138 | -7,470 | 4,332 | 58 |
| GTA03610 | 3,453 | -12 | 3,465 | 30,011 |
| BEL24510 | -5,487 | -8,655 | 3,168 | 37 |
| PLN24201 | 1,514 | 5,653 | -4,139 | -73 |
| TWA35610 | -3,411 | 780 | -4,190 | -538 |

- Negative UFG has reduced in this allocation. Paraparaumu PAU20101 has the highest negative UFG, -8,361GJ.

August 2010 Interim Allocation incident updates

- There were 81 gas gates with allocation amendments in the interim allocation run. Four of these were metered gas gates and had amended injection quantities. The largest change in injection for the metered gas gates was at Lake Alice LAB20201 (103GJ).
- Total net UFG increased from the initial allocation figure of 36,347GJ to 41,911GJ for the interim allocation.

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

| Gas Gate | Aug 10 Interim | Aug 10 Initial | Difference | % change |
|----------|----------------|----------------|------------|----------|
| GTA03610 | 15,517 | 11,106 | 4,411 | 40 |
| TWA35610 | 5,869 | 2,017 | 3,852 | 191 |
| GTH11301 | 3,561 | 1,501 | 2,059 | 137 |

- The highest negative UFG was at Whakatane WHK32101 (-2,347GJ).
- The GAR130 zip file was successfully uploaded to OATIS on 15 December 2010. The Greater Auckland gas gate fell outside of OATIS tolerance limits (-0.18GJ).

November 2009 Final Allocation incident updates

- Total net UFG is 25,648GJ, down from the net interim allocation figure of 41,488GJ.
- The main increases/decreases were (GJ):

| Gas Gate | Nov 09 Final | Nov 09 Interim | Difference | % change |
|----------|--------------|----------------|------------|----------|
| NPL12101 | 3,685 | -65 | 3,750 | 5,750 |
| PLN24201 | 2,592 | 4,976 | -2,384 | -48 |
| TWA35610 | -1,848 | 2,159 | -4,008 | -186 |
| GTA03610 | 18,743 | 25,078 | -6,336 | -25 |

- The highest negative UFG was at Edgecumbe DF EGC30701 (-5,266GJ).
- Gas gate allocation data was loaded successfully into OATIS on 22 December 2010. No gas gates fell outside of OATIS tolerance limits in this allocation.
- 80 gas gates had amended allocation quantities. 10 of these had amended injection quantities, and are unmetered gas gates.

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

| Consumption Period | Participant | Notification Type | Date | Details |
|--------------------|-------------|-------------------|-------------|--|
| November 2010 | GNVG | As-Billed | 14-Dec-2010 | Submission at RAG33401 has no trading notification |

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

| Ref# | Date | Rule | Allocation | Participant | Details |
|----------|----------|-------------------|-----------------------|-------------|------------------------------|
| 2010-370 | 5-Oct-10 | 39.2.3 | Sep-10 I; Oct-10 I | BOPE | Late T/N at CAM17201 |
| 2010-379 | 6-Dec-10 | 31, 31.1, 26.2 | Nov-10 I | GEND | Late re-submission of GAS050 |

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 |
|----------|-----------|------|------------|-------------|--|
| 2010-379 | 6-Dec-10 | 31.1 | Nov-10 I | GEND | GIS07810 |
| 2010-380 | 6-Dec-10 | 31.1 | Nov-10 I | GNGC | GTA03610, GTH11301, GTW06910, HUN15301, PLN24201, TWA35610 |
| 2010-381 | 6-Dec-10 | 31.1 | Nov-10 I | GNVG | WST03610 |
| 2010-382 | 13-Dec-10 | 32.1 | Aug-10 M | CTCT | FLD03001, KAP12901, PLN24201 |
| 2010-383 | 13-Dec-10 | 32.1 | Aug-10 M | GNGC | GTA03610, TKS17401, LVN24401 |
| 2010-384 | 13-Dec-10 | 32.1 | Aug-10 M | GNVG | DAN05001, FLD03001, KKI23701 |
| 2010-385 | 20-Dec-10 | 33.1 | Nov-09 F | CTCT | KAP12901, PLN24201 |
| 2010-386 | 20-Dec-10 | 33.1 | Nov-09 F | GNGC | GIS07810, GTA03610, WHK32101 |
| 2010-387 | 20-Dec-10 | 33.1 | Nov-09 F | GNVG | MMU08001 |

Accuracy of Consumption information:

Alleged breaches of rule 37, accuracy of consumption information for initial allocation, have been reported to the market administrator as follows in the table below for the November 2009 consumption period.

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

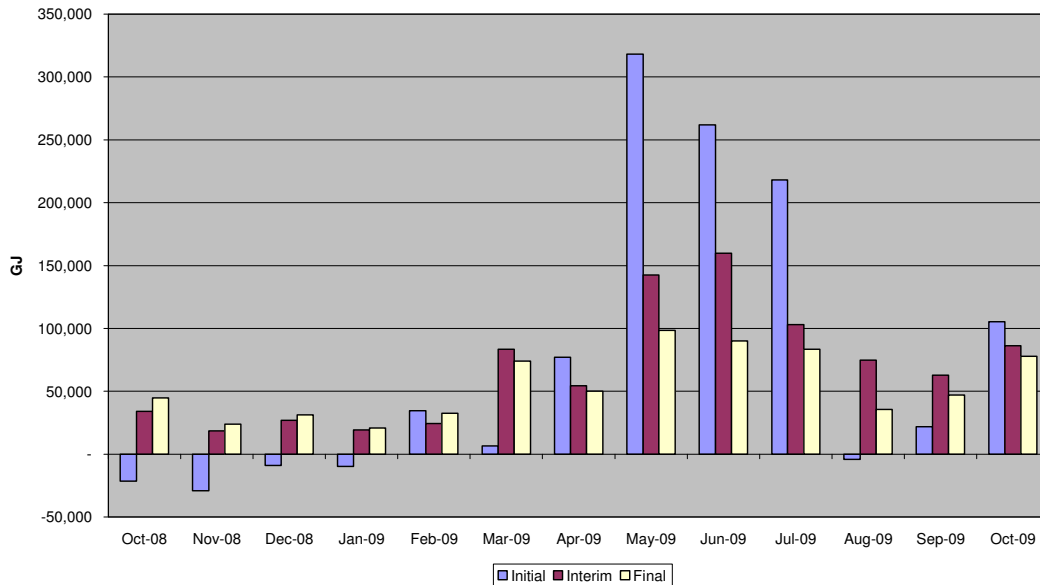
| Ref# | Date | Consumption period | Participant | No. of Gas Gates outside $\pm 12.5\%$ |
|-------|-----------|--------------------|-------------|---------------------------------------|
| 2010- | 20-Dec-10 | Nov-09 | CTCT | 48 |
| 2010- | 20-Dec-10 | Nov-09 | AGCL | 12 |
| 2010- | 20-Dec-10 | Nov-09 | EGLT | 12 |
| 2010- | 20-Dec-10 | Nov-09 | GNVG | 4 |
| 2010- | 20-Dec-10 | Nov-09 | EDNZ | 8 |
| 2010- | 20-Dec-10 | Nov-09 | EGAS | 2 |
| 2010- | 20-Dec-10 | Nov-09 | GENG | 52 |
| 2010- | 20-Dec-10 | Nov-09 | GNGC | 2 |
| 2010- | 20-Dec-10 | Nov-09 | MEEN | 19 |
| 2010- | 20-Dec-10 | Nov-09 | BOPE | 14 |
| 2010- | 20-Dec-10 | Nov-09 | GEOL | 2 |

UFG

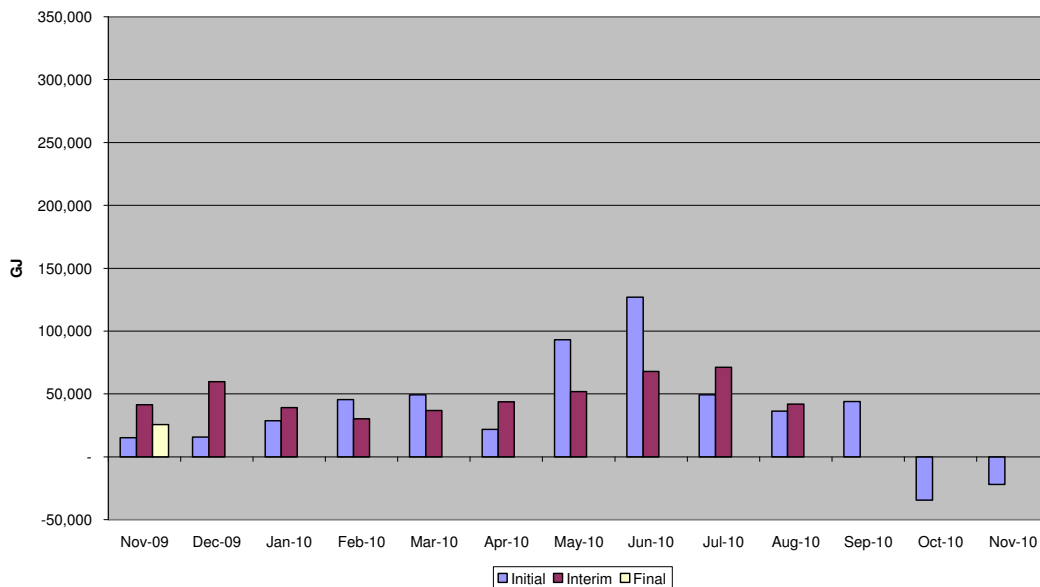
The graphs below illustrate UFG to date, and in the most recent consumption month.

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

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

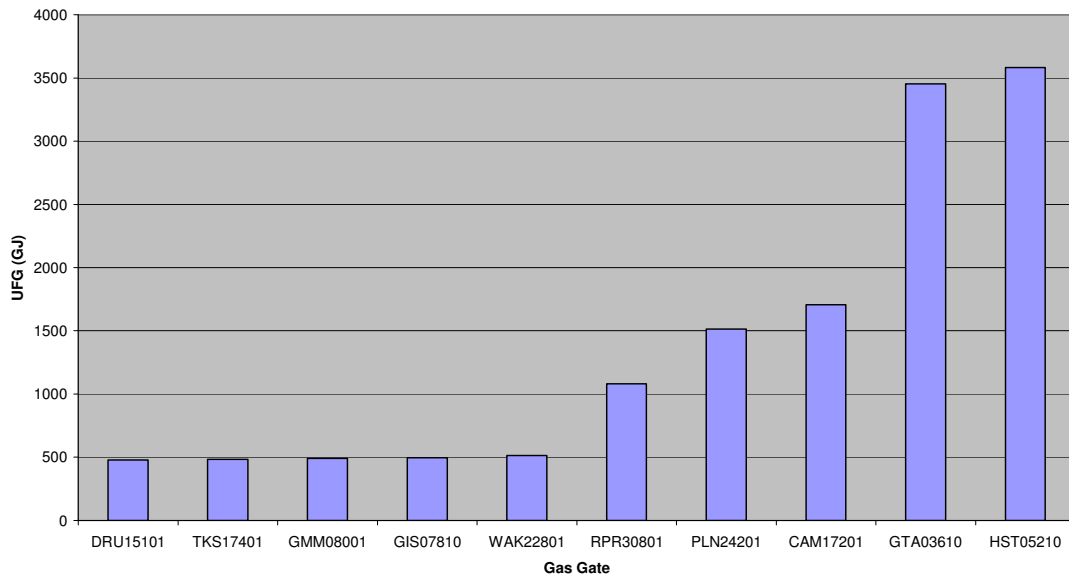


Total Net UFG by Month (Nov-09 - ongoing)

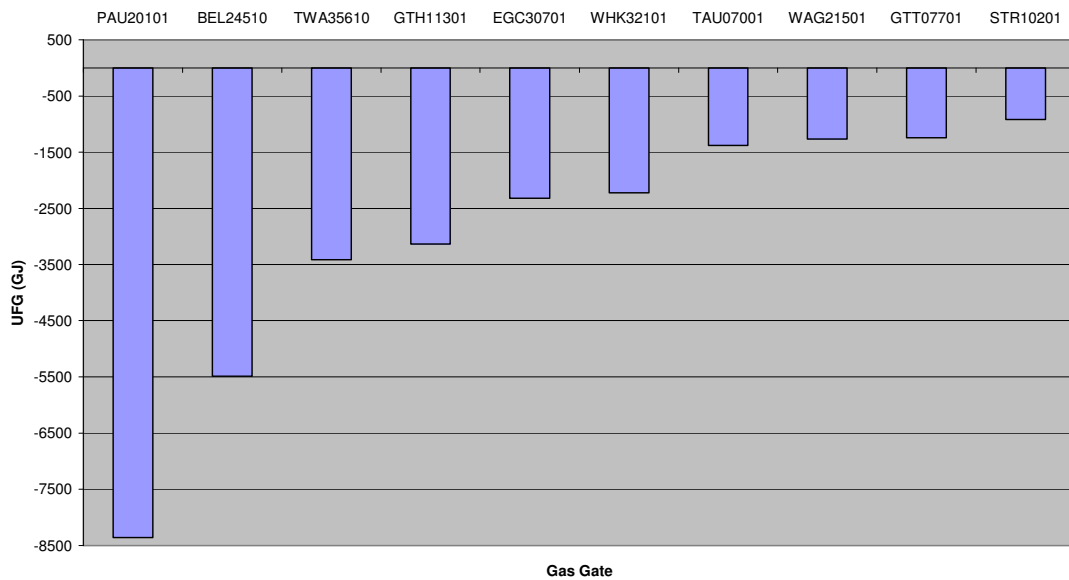


The two graphs below show the top ten positive and negative UFG gas gates for the most recent initial allocation performed.

November 2010 Special Allocation - Positive UFG



November 2010 Special Allocation - Negative UFG



Rule Compliance

To the best of its knowledge, the allocation agent complied with all rules during the review period. Non-compliance or problems in respect of allocation agent obligations under the Rules are detailed in the table below.

2.2 Service Provider Agreement Compliance

For the review month, there were no instances of non-compliance with the service provider agreement.

| Agreement Reference | Description |
|---------------------|-------------|
| | |

2.3 Performance Standards

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

Allocation System Performance

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

Ongoing Operations Performance

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

Management Reporting Performance

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

2.4 Overall Comment

UFG levels decreased in all three allocations performed this month. Negative UFG also fell in the November 2010 initial allocation as consumption data from retailers became more in line with injection data, reflecting the impact of warm weather on total gas consumption. The allocation agent's first task for 2011 is to re-publish the AUFG factor at Greater Hamilton for the 2010/2011 gas year.



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