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## Submission on Resolving the Financial Impact of Consumption and Injection Errors

### Introduction

1. This is Vector Limited's (Vector) submission on the Gas Industry Company's (Gas Industry Co) consultation paper on *Resolving the financial impact of consumption and injection errors*, released on 25 May 2022.
2. Vector broadly agrees with Gas Industry Co's proposed approach for resolving the financial impact of errors in consumption or injection information submitted to the allocation agent where:
  - a. the interim and final allocations have occurred; and
  - b. the window for a special allocation has closed.
3. We set out our responses to the consultation questions below and make a few suggestions.

### Responses to the consultation questions

**Q1:** *Do you agree with aligning the materiality threshold for resolution of financial impact with the threshold for undertaking special allocations? If not, what alternative approaches should be considered?*

4. Vector agrees with the proposal to align the materiality threshold for the resolution of financial impact with the threshold for undertaking special allocations, i.e. where the allocation results are "sufficiently unfair".
5. We agree, in principle, with the description of what is "sufficiently unfair" as set out in Gas Industry Co's *Guideline note for rules 44, 46A and 51 – correction of allocations by allocation agent, correction of an annual UFG factor and special allocations*.
6. In addition, we suggest that Gas Industry Co consider the relative potential impacts of the consumption or injection information error on the relevant market participants. For example, what may be immaterial or inconsequential for a large participant may be highly significant for a small participant and its customers.

**Q2:** *Do you support the proposed approach for including carbon? If not, can you please provide an alternative approach for Gas Industry Co to consider?*

7. Vector supports the inclusion of the cost of carbon in the determination of the financial impact of consumption or injection information errors.
8. Noting that the price of carbon is a 'moving price', we suggest that the determination process use the carbon price at the time the error occurred.

**Q3:** *Do you agree with the potential costs outlined above in Table 2: Gas Industry Co's initial views of costs to include in a determination of financial impact? If not, which costs have we missed or need to reconsider?*

9. Vector notes that the Maui transmission pipeline fees have not been considered as a potential cost in the determination of the financial impact of consumption or injection information errors.
10. For completeness, we suggest that the Maui transmission pipeline fees be added to Table 2 of the consultation paper, so the materiality/impact of this cost can be duly determined as part of this consultation.

**Q4:** *Do you agree with Gas Industry Co's views on whether to include each cost in the determination of financial impact? If not, which views do we need to reconsider?*

11. Vector agrees with the costs identified by Gas Industry Co in Table 2 that are "not applicable" for the purposes of resolving the financial impact of consumption and injection information errors.
12. We agree that the costs of carbon and the wholesale value of gas would be applicable for the above purpose, as well as the costs of gas event audits, where these are material.

### **Concluding comments**

13. We are happy to discuss any aspects of this submission with Gas Industry Co. Please contact Graeme Stodart (Natural Gas Trading Manager) at [Graeme.Stodart@vector.co.nz](mailto:Graeme.Stodart@vector.co.nz) or 04 803 9048 in the first instance.
14. No part of this submission is confidential, and we are happy for Gas Industry Co to publish it in its entirety.

Yours sincerely  
For and on behalf of Vector Limited

A handwritten signature in black ink, appearing to read 'Luz Rose'.

**Luz Rose**  
Senior Regulatory Partner