

DISCLOSURE

under

Gas Transmission Information Disclosure Determination 2012

of

CAPACITY ALLOCATION METHODOLOGY (clause 2.5.3)

and

TRANSMISSION SYSTEM CAPACITY RESERVATIONS (clause 2.5.4)

for

2014-15 Disclosure Year

CLAUSE 2.5.3: CAPACITY ALLOCATION METHODOLOGY

(1)(a)

Vector currently provides two types of firm contractual transmission capacity to Shippers¹: Reserved Capacity and Supplementary Capacity.

Reserved Capacity is Vector's standard capacity product, and is allocated in accordance with the relevant provisions of the Vector Transmission Code (the *Code*):

- (i) prior to the start of each contract year²; and
- (ii) during each contract year,

in response to Shippers' specific requests, to the limit of uncommitted operational capacity³. The processes involved in (i) and (ii) above are separately described below. Under the current Code, a Shipper retains the right to use any Reserved Capacity allocated to it unless and until the Shipper relinquishes it⁴.

Supplementary Capacity is firm transmission capacity that Vector provides to a Shipper under a Supplementary Agreement, in compliance with specific provisions of the Code. Since Vector is under no obligation to provide Supplementary Capacity, the Reserved Capacity allocation process set out in the Code does not apply to Supplementary Capacity. Supplementary Capacity is available to a Shipper only for the term of the relevant Supplementary Agreement.

Reserved Capacity and Supplementary Capacity are equally "firm", so Vector must take both into account when determining uncommitted operational capacity.

Allocation of Reserved Capacity before the start of a contract year

Under the Code⁵:

- (1) All Shippers must notify Vector of their Confirmed Reservation Requirements⁶ by 5 pm on the second Friday in September.
- (2) A Shipper is entitled to reserve up to the amount of Reserved Capacity it holds at any Receipt Point-Delivery Point⁷ (*RP-DP*) on the second Friday in September, though it may request more or less. A Shipper may request Reserved Capacity at an RP-DP irrespective of whether it currently has any capacity there.
- (3) Vector must notify Shippers of the extent to which it accepts their Confirmed Reservation Requirements by 5 pm on the third Friday in September. This requires

¹ A Shipper is a person named in a transmission services agreement with Vector. Only Shippers may hold transmission capacity. The Determination refers to Shippers as "consumers".

² Being the year commencing on 1 October in year "n" and ending on 30 September in year "n+1".

³ Uncommitted operational capacity is the amount of a pipeline's physical capacity available to be allocated to Shippers, and is equal to: operational capacity – aggregate contractual (firm) capacity. The determination of operational capacity is described in Vector's "Gas Transmission Asset Management Plan" (*AMP*), available at www.vector.co.nz\Gas\Regulatory\Disclosures\Gas asset management.

⁴ Either by not reserving it again, transferring it to another Receipt-Delivery Point, trading it to another Shipper or having it cancelled in accordance with the Code.

⁵ Other than by regulation, the Code can only be changed using its own change process.

⁶ Under the Code, Shippers must lodge non-binding Provisional Reservation Requirements earlier each year.

⁷ In this disclosure, Code terms are used, i.e.: Receipt Point = intake point; Delivery Point = offtake point.

Vector to determine the uncommitted operational capacity available, taking into account such things as:

- (i) the amounts of Reserved Capacity requested compared with the amounts currently allocated;
- (ii) changes in the distribution of Reserved Capacity, i.e. the extent to which requests for less Reserved Capacity at some RP-DPs offset requests for more at others;
- (iii) changes in Supplementary Capacity (if any);
- (iv) how much capacity was allocated in prior years, and where;
- (v) the most recent pipeline modelling information, e.g. in the AMP; and
- (vi) the maximum capacity of individual Receipt and Delivery Points.
- (4) If it believes there is insufficient uncommitted operational capacity for it to approve all Shippers' requests for Reserved Capacity⁸, Vector must apply the capacity allocation procedure set out in the Code. Briefly, that process would work as follows:
 - (i) any Shipper requesting the same amount of, or less Reserved Capacity than it currently holds at an RP-DP would be allocated that amount;
 - (ii) Vector would then determine the extent of uncommitted operational capacity available by referencing the AMP or any other relevant pipeline modelling information or, if necessary, undertaking additional modelling;
 - (iii) Vector would then allocate increased Reserved Capacity to the relevant Shippers in accordance with the following formula:

increase = (Shipper's requested increase for an RP-DP \div All Shippers' requested increases for all RP-DPs on the pipeline) \times uncommitted operational capacity; and

(iv) Vector would then check that any allocated increases in Reserved Capacity could actually be delivered via the relevant Delivery Points⁹. If not, capacity above the maximum that could be delivered would be re-allocated to other RP-DPs by a further iteration of the above formula.

Allocation of Reserved Capacity during a year

Under the Code:

(1) A Shipper may request Reserved Capacity, or additional Reserved Capacity during a Year, e.g. if it acquires new customers, or if one or more existing customers increase their load.

⁸ For example, where reasonably believed that a breach of Vector's Security Standard (e.g. by the pressure at a critical point in a pipeline falling below the acceptable minimum) could result.

⁹ This would be necessary because a Shipper might request a "disproportionate" amount of additional capacity at the far end of a pipeline. The first pass of the allocation formula could then produce an unsustainable outcome. This reflects the reality that it is unrealistic to represent the uncommitted operational capacity of a pipeline by a single number: where the capacity is required would change any such number.

- (2) A Shipper must apply for additional Reserved Capacity using the appropriate screen on OATIS¹⁰. Vector must approve (or decline) any such request via OATIS.
- (3) Vector must approve any such request (subject to the conditions set out in the Code) where it believes there is sufficient uncommitted operational capacity. To ascertain that, Vector considers:
 - (i) the relevant matters listed in paragraph (3) of the previous section; and
 - (ii) any capacity transfer requests (to or from the RP-DP in question, or any other RP-DP relevant to the request) approved but not yet effective; and
 - (iii) existing queued requests for capacity (if any).
- (4) Should it decline a request for additional capacity, Vector would (subject to the Code and the wishes of the Shipper concerned) place the request in the capacity queue for the relevant pipeline. In the event that capacity subsequently became available, e.g. if a Shipper applied to cancel Reserved Capacity or to transfer Reserved Capacity elsewhere (including out of the pipeline altogether), Vector would offer additional Reserved Capacity to Shippers in the capacity queue, in accordance with the Code.

(1)(b)

During the disclosure year there was **sufficient uncommitted operational capacity** to meet all Shippers' requests for Reserved Capacity, i.e.:

- (i) Confirmed Reservation Requirements for 2014-15: **approved** in full;
- (ii) requests for additional Reserved Capacity: **153**;
- (iii) requests for additional Reserved Capacity **approved in full**: **152**¹¹; and
- (iv) requests for additional Reserved Capacity **approved in part**: **zero**.

(1)(c)

During the disclosure year there was **no unmet demand** for Reserved Capacity, i.e.:

- (i) requests for Reserved Capacity **declined**: **zero**;
- (ii) maximum daily quantities associated with requests **declined**: **zero**; and
- (iii) reasons for requests not being approved in full: **not applicable**.

¹⁰ Vector's "Open Access Transmission Information System", at www.oatis.co.nz

¹¹ One request was declined at the Shipper's request: an amended request was then lodged and approved.

CLAUSE 2.5.4: TRANSMISSION SYSTEM CAPACITY RESERVATIONS

- (1) Tables 1 6 below set out the information required to be disclosed in accordance with clause 2.5.4 of the Determination, for each of Vector's pipeline systems.
- (2) The named offtake points (= Delivery Points) for each pipeline system are those which, in the system peak flow period, satisfied one or more of the criteria set out in clause 2.5.4(3)(a) - (c); i.e.:
 - (i) throughput \geq 2,000 GJ;
 - (ii) contractual firm capacity \geq 10,000 GJ (per day); or
 - (iii) nominal delivery pressure > 20 bar gauge.

The relevant offtake points are those identified in Vector's "Pipeline Peak Flow Disclosure¹²". That disclosure refers to actual offtake points, whereas for commercial/contractual reasons some such points are aggregated into "notional" offtake points. An example is "Greater Auckland", which currently comprises 5 actual offtake points. Since this capacity disclosure is concerned with contractual capacity, Tables 1 – 6 show data for notional/contractual offtake points.

- (3) For all offtake points on a pipeline system that did not satisfy any of the criteria set out in clause 2.5.4(3)(a) (c), data was aggregated in accordance with clause 2.5.4(3)(d) of the Determination, and appears in the tables on the line labelled "All Other Points".
- (4) Data is given for the three dates specified in clause 2.5.4(4), i.e.:
 - (i) the last day of the preceding pricing year (i.e. 30 September 2014-15);
 - (ii) the first day of the new pricing year (i.e. 1 October of 2015-16); and
 - (iii) the first day of each system's peak flow period for the preceding pricing year (i.e. 2014-15).
- (5) Firm contractual transmission capacity in respect of each offtake point comprises Reserved Capacity plus Supplementary Capacity (if any).
- (6) The MDQ (maximum daily quantity) and MHQ (maximum hourly quantity), respectively, for each offtake point correspond to the aggregate amount of firm contractual transmission capacity. For all Reserved Capacity, MHQ is currently 1/16th of MDQ. In respect of Supplementary Capacity the MHQ can be a different fraction of MDQ, hence the actual amounts (if any) needed to be obtained from the actual contracts.
- (7) MDQ and MHQ values have been rounded up to the nearest GJ.
- (8) "Vector" refers to On Gas and/or Vector Gas Contracts Limited¹³; "All Others" refers to all other Shippers.

¹² Available at <u>www.vector.co.nz\Gas\Regulatory\Disclosures\Peak Flow</u>.

¹³ On Gas and Vector Gas Contracts Limited became Vector Gas trading Limited on 1 July 2015.

TABLE 1: NORTH SYSTEM

Offtake Point		A		Contractual Tra	•	• • •	by	Nominal		
				ector and All O				Delivery		
		30-Se	p-2015		-2015		ug-2015	Pressure		
		Vector	All Others	Vector	All Others	Vector	All Others	> 20 bar g		
Harrisville 2	MDQ	1,817	2	1,400	2	2,034	2			
	MHQ	114	0	88	0	127	0			
Drury (1 & 2)	MDQ	737	304	540	248	837	304			
Diuly (1 & 2)	MHQ	46	19	34	16	52	19			
Hunua (all)	MDQ	-	870	0	1,023	-	870	noto		
Hullua (all)	MHQ							note		
	MDQ	-	1,748	0	1,713	-	1,748			
Flat Bush	MHQ	-	109	0	107	-	109			
	MDQ	8,522	41,243	7,600	39,182	6,922	41,635			
Greater Auckland	MHQ	513	2,578	455	2,449	433	2,602	note		
	MDQ	-	-	-	-	-	-			
Marsden 1	MHQ	-	-	-	-	-	-			
	MDQ	2,600	-	2,600	-	2,600	-			
Kauri DF	MHQ	130	-	130	-	130	-			
	MDQ	130	704		471	130	704			
Waitoki	MHQ	12	44	-	29	12	44			
	MDQ	-	7,000	_	6,775	-	7,000			
Glenbrook	MHQ	-		-	423	-	438			
		-	438	4 501	-	4 504				
Warkworth	MDQ	1,504	74 5	1,501	75	1,504	74	-		
	MHQ	73	-	73	5	73	5			
Tuakau (1 & 2)	MDQ	70	2,595	75	2,551	70	2,595	note		
	MHQ	4	189	5	186	4	189			
Whangarei	MDQ	50	611	40	438	50	611	-		
. 0	MHQ	3	38	3	27	3	38			
Otahuhu	MDQ	-	45,000	-	-	-	45,000	48 bar		
	MHQ	-	2,045	-	-	-	2,045	.0 .0		
Southdown	MDQ	-	33,000	-	-	-	33,000	49 bar		
Journaown	MHQ	-	1,650	-	-	-	1,650	45 001		
Maungaturoto DF	MDQ	2,400	-	2,400	-	1,900	-			
	MHQ	120	-	120	-	95	-			
Major Points	MDQ	17,711	133,151	16,156	52,478	15,928	133,543			
	MHQ	1,004	7,114	906	3,243	919	7,139			
All Other Points	MDQ	291	271	205	214	356	271			
	MHQ	18	17	13	13	22	17			
TOTAL SYSTEM	MDQ	18,003	133,422	16,361	52,693	16,285	133,814			
	MHQ	1,022	7,131	919	3,256	941	7,156			
note 1:	pipeline	all) refers to the pressure (ie ur	regulated)							
note 2:	Waikum	Auckland is a no ete and Hender	rson Delivery P	oints			· · ·			
note 3:		ransmission capacity became effective at Tuakau 2 in September 2014, though gas did not start flowing nere until November 2014, at which time Tuakau 1 was shut down								

Offtake Point		Aggregate Firm Contractual Transmission Capacity (GJ) Held by Vector and All Other Shippers on:								
		30-Sep-2015		1-Oct-2015		10-Aug-2015		Delivery Pressure		
		Vector	All Others	Vector	All Others	Vector	All Others	> 20 bar g		
C	MDQ	1,396	6,304	1,530	5,847	1,046	6,604			
Greater Hamilton	MHQ	87	394	96	365	65	413	note 1		
Tatuanui DF	MDQ	-	2,112	-	1,500	-	2,112			
	MHQ	-	132	-	94	-	132			
Waitoa	MDQ	386	1,162	300	1,153	336	1,162			
	MHQ	24	73	19	72	21	73			
Cambridge	MDQ	1,610	323	1,852	304	1,445	352			
	MHQ	101	20	116	19	90	22			
Kiwitahi 1 (Peroxide)	MDQ	-	1,000	-	1,030	-	1,000			
	MHQ	-	63	-	64	-	63			
	MDQ	-	23,200	-	23,200	-	23,200	22.5.6.6		
Te Rapa Cogen	MHQ	-	1,092	-	1,092	-	1,092	22.5 bar		
Major Points	MDQ	3,392	34,101	3,682	33,033	2,826	34,431			
	MHQ	212	1,773	230	1,707	177	1,794			
All Other Points	MDQ	1,836	355	2,021	315	2,024	343			
All Other Folints	MHQ	115	22	126	20	127	21			
		-				•				
TOTAL SYSTEM	MDQ	5,228	34,456	5,702	33,348	4,851	34,773	1		
	MHQ	327	1,796	356	1,726	303	1,815			
note 1:	Greater	Hamilton is a no	otional Deliver	y Point, compr	sing the actual	l Hamilton (Te	 Kowhai) and H	amilton		

TABLE 2: CENTRAL NORTH SYSTEM

TABLE 3: CENTRAL SOUTH SYSTEM

Offtake Point		A	Aggregate Firm Contractual Transmission Capacity (GJ) Held by							
			Vector and All Other Shippers on:							
		30-Sep-2015		1-Oct-2015		22-Jun-2015		Pressure		
		Vector	All Others	Vector	All Others	Vector	All Others	> 20 bar g		
New Plymouth	MDQ	572	2,868	145	2,933	572	3,400			
	MHQ	36	179	9	183	36	212			
Pokuru	MDQ	-	-	-	-	-	-	note 1		
	MHQ	-	-	-	-	-	-			
Eltham	MDQ	192	442	180	361	242	444			
	MHQ	12	28	11	23	15	28			
Maior Dointe	MDQ	764	3,311	325	3,294	814	3,844			
Major Points	MHQ	48	207	20	206	51	240			
			-	<u>.</u>						
All Other Deinte	MDQ	27	746	63	667	30	789			
All Other Points	MHQ	2	47	4	42	2	49			
			-	- -						
TOTAL SYSTEM	MDQ	791	4,056	388	3,962	844	4,633			
	MHQ	49	254	24	248	53	290			
note 1 [.]	Pokuru	Pokuru refers to the Pokuru 2 Delivery Point								

note 1: Pokuru refers to the Pokuru 2 Delivery Point

TABLE 4: BAY OF PLENTY SYSTEM

Offtake Point		Aggregate Firm Contractual Transmission Capacity (GJ) Held by Vector and All Other Shippers on:								
		30-Sep-2015		1-Oct-2015		1	p-2015	Delivery Pressure		
		Vector	All Others	Vector	All Others	Vector	All Others	> 20 bar g		
	MDQ	1,771	1	2,102	-	1,571	1			
Lichfield DF	MHQ	111	0	131	-	98	0			
	MDQ	486	4,502	485	4,500	486	4,502			
Edgecumbe DF	MHQ	30	281	30	281	30	281	-		
2	MDQ	3,251	27	2,200	14	2,721	27			
Reporoa	MHQ	203	2	138	1	170	2	-		
) A / h a luata a a	MDQ	96	2,691	70	2,598	96	2,691			
Whakatane	MHQ	6	159	4	153	6	159			
Tirau DF	MDQ	1,496	2	1,400	-	1,496	2			
	MHQ	94	0	88	-	94	0			
Kinleith (CHH Mill)	MDQ	10,884	-	10,151	-	10,884	-			
	MHQ	680	-	634	-	680	-			
Kawaray (Tasman)	MDQ	1,710	-	1,800	1	1,710	-			
Kawerau (Tasman)	MHQ	107	-	113	0	107	-			
Greater Tauranga	MDQ	38	1,242	30	1,109	38	1,242			
	MHQ	2	78	2	69	2	78	note :		
e: 1	MDQ	48	1,443	80	1,213	628	1,443			
Gisborne	MHQ	3	90	5	76	39	90			
Creater Mt Marriagen i	MDQ	142	2,468	110	2,303	142	2,468			
Greater Mt Maunganui	MHQ	9	154	7	144	9	154	note		
Dalas	MDQ	357	1,437	300	1,271	357	1,437			
Rotorua	MHQ	22	90	19	79	22	90			
Major Points	MDQ	20,278	13,812	18,729	13,009	20,128	13,812			
	MHQ	1,267	854	1,171	804	1,258	854			
All Other Points	MDQ	1,526	2,141	1,400	1,851	1,526	2,141			
Anotherroma	MHQ	95	134	87	116	95	134			
		-	•	T	T	T	T	_		
TOTAL SYSTEM	MDQ	21,804	15,953	20,128	14,860	21,654	15,953	_		
	MHQ	1,363	988	1,258	920	1,353	988	L		
note 1:	Greater	Tauranga is a no	tional Deliver	y Point, compri	ising the actual	 Tauranga and	Pyes Pa Delive	ry Points		
note 2:		ireater Tauranga is a notional Delivery Point, comprising the actual Tauranga and Pyes Pa Delivery Points ireater Mt Maunganui is a notional Delivery Point, comprising the actual Mt Maunganui and Papamoa pelivery Points								

TABLE 5: SOUTH SYSTEM

Offtake Point		A	ggregate Firm (Contractual Tra	nsmission Cap	acity (GJ) Held	by	Nominal	
			V	ector and All O	ther Shippers			Delivery	
		30-Sep-2015		1-Oct-2015		10-Aug-2015		Pressure	
		Vector	All Others	Vector	All Others	Vector	All Others	> 20 bar g	
Paraparaumu	MDQ	44	621	38	556	34	641		
Palapalauniu	MHQ	3	39	2	35	2	40		
Hawora (all)	MDQ	792	810	1,501	797	121	810	note	
Hawera (all)	MHQ	50	51	94	50	8	51	note	
Manganui	MDQ	1,830	1,905	2,700	1,961	2,028	1,905		
Wanganui	MHQ	114	119	169	123	127	119		
01	MDQ	-	1,682	0	1,680	-	1,682		
Okaiawa	MHQ	-	70	0	70	-	70		
	MDQ	530	316	550	289	530	316		
Marton	MHQ	33	20	34	18	33	20	1	
	MDQ	255	4,142	240	3,673	305	4,142		
Palmerston North	MHQ	16	259	15	230	19	259	1	
Longburn	MDQ	1,030	453	749	442	232	453		
	MHQ	64	28	47	28	14	28	1	
	MDQ	261	918	250	828	343	1,018		
Levin	MHQ	16	510	16	52	21	64		
	MDQ	609	6,300	600	5,546	609	6,232		
Belmont	MHQ	38	394	38	347	38	389		
Feilding	MDQ	61	670	50	770	61	670		
	MHQ	4	42	3	48	4	42		
	-			_	-			1	
Hastings (all)	MDQ	2,460	3,601 225	2,800	3,988	3,463	3,641	note	
	MHQ	_	_	175	249	216	228		
Tawa (A+B)	MDQ	1,103	9,851	850	9,419	1,103	10,722	-	
	MHQ	69	616	53	589	69	670		
Greater Waitangirua	MDQ	78	1,591	60	1,395	78	1,591	note	
-	MHQ	5	99	4	87	5	99		
Pahiatua DF	MDQ	3,634	-	3,634	0	3,634	-	4	
	MHQ	165	-	165	0	165	-		
Major Points	MDQ	12,687	32,860	14,022	31,346	12,541	33,823	4	
•	MHQ	731	2,019	814	1,924	722	2,079	-	
	1		1	1	1	1	1		
All Other Points	MDQ	418	2,464	448	2,331	319	2,460	4	
	MHQ	26	154	28	146	20	154	4	
	I				Г	1	Г	4	
TOTAL SYSTEM	MDQ	13,105	35,324	14,470	33,677	12,860	36,283	4	
	MHQ	757	2,173	842	2,070	742	2,233		
	110	(all) as faces to the				1 -			
note 1:		(all) refers to th		-					
note 2:	-	s (all) refers to t	-	-					
note 3:	Greater Waitiangirua is a notional Delivery Point, comprising the actual Waitangirua and Pauatahanui 1								

Offtake Point		A				Aggregate Firm Contractual Transmission Capacity (GJ) Held by Vector and All Other Shippers on:										
		30-Sep-2015			1-Oct-2015		10-Aug-2015									
		Vector	All Others	Vector	All Others	Vector	All Others	Pressure > 20 bar g								
	MDQ	-	212,000	-	217,000	-	212,000									
Frankley Road-Bi	MHQ	-	9,183	-	9,433	-	9,183	note 1								
	MDQ	-	-	-	-	-	-									
Kaimiro	MHQ	-	-	-	-	-	-									
	MDQ	-	50,000	-	50,000	-	50,000									
Stratford 2	MHQ	-	2,500	-	2,500	-	2,500	note 2								
	MDQ	-	22,500	-	22,500	-	22,500									
Ammonia-Urea	MHQ	-	1,010	-	1,010	-	1,010	note 3								
Kara al CTD	MDQ	-	25,335	-	25,390	-	25,335									
Kapuni GTP	MHQ	-	1,271	-	1,274	-	1,271									
Charable and D	MDQ	-	56,000	-	56,000	-	56,000									
Stratford 3	MHQ		2,333		2,333		2,333	note 4								
тсс	MDQ	-	64,000	-	64,000	-	64,000	24.01								
	MHQ	-	2,840	-	2,840	-	2,840	31.0 bar (
Mata - Data Ia	MDQ	-	429,835	-	434,890	-	429,835									
Major Points	MHQ	-	19,138	-	19,391	-	19,138									
			·													
All Other Points	MDQ	70	0	170	0	70	0									
Another Folints	MHQ	4	0	11	0	4	0									
			Т	T	Т	T										
TOTAL SYSTEM	MDQ	70	429,835	170	434,890	70	- ,									
	MHQ	4	19,138	11	19,391	4	19,138									
note 1:			liver gas at suf													
note 2:	Stratford unregula		atford "peaker	" power statio	n. Vector deliv	ers gas there a	t pipeline pres	sure (ie								
note 3:		a-Urea compris nts at not less t		e 8201 and 962	6 Delivery Poin	ts. Vector end	eavours to deli	ver gas at								
note 4:	Stratford	3 is for the Ah	uroa undergroi	und gas storage	e facility			Stratford 3 is for the Ahuroa underground gas storage facility								