



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

2013-14 Disclosure Year

CLAUSE 2.5.3: CAPACITY ALLOCATION METHODOLOGY

(1)(a)

Vector currently provides three types of firm contractual transmission capacity: Reserved Capacity, Supplementary Capacity and Legacy Capacity.

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

- (i) all Shippers¹, prior to the start of a contract year²; and
- (ii) individual Shippers, during a contract year,

in response to their specific requests and to the extent that sufficient uncommitted operational capacity³ is available. The processes involved in (i) and (ii) above are separately described below. Under the current Code, Reserved Capacity allocated to a Shipper remains the Shipper's "property" unless and until the Shipper relinquishes it⁴.

Supplementary Capacity is firm transmission capacity that Vector provides to a Shipper under a Supplementary Agreement that complies with the specific requirements of the Code. Vector is not obliged to provide Supplementary Capacity, and any Supplementary Capacity that it does provide is allocated to the Shipper only for the life of the relevant Supplementary Agreement. Hence, the formal capacity allocation process prescribed in the Code in respect of Reserved Capacity does not apply to Supplementary Capacity.

Legacy Capacity is firm capacity provided under a transmission contract pre-dating the Code. Only one such transmission contract remained in 2013-14⁵.

Reserved Capacity, Supplementary Capacity and Legacy Capacity are all equally "firm". Each type of firm capacity must therefore be taken into account when determining uncommitted operational capacity.

Allocation of Reserved Capacity before the start of a contract year

Under the Code⁶:

- (1) All Shippers must notify Vector of their Confirmed Reservation Requirements⁷ by 5 pm on the second Friday in September.

¹ A Shipper is a person named in a transmission services agreement with Vector. Vector can only provide transmission services (capacity) to Shippers. 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 that is 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 "Rotowaro-North Capacity Determination 28 November 2012" document, available at [www.vector.co.nz/Gas/Pipeline capacity determination/documents](http://www.vector.co.nz/Gas/Pipeline%20capacity%20determination/documents).

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 This contract expired on 30 September 2014 and was replaced by a Supplementary Agreement.

⁶ The Code is an "industry document" and can be changed only using the formal change process set out therein. Therefore the processes and methodologies referred to in this disclosures as being "under the Code" will remain the same from year to year unless the Code changes.

⁷ Meaning Shippers' definite (as opposed to their earlier provisional) requests for Reserved Capacity for the forthcoming contract year.

- (2) A Shipper is entitled to reserve up to the amount of Reserved Capacity it holds at any Receipt-Delivery Point⁸ (*RP-DP*) on the second Friday in September, though it may request more or less. A Shipper may also request Reserved Capacity at any RP-DP where it currently has none.
- (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 Vector to determine whether there is sufficient operational capacity available to meet all Shippers' requests. In doing so, Vector considers:
- (i) the amounts of Reserved Capacity requested compared with the current amounts at the various RP-DPs on a pipeline;
 - (ii) changes in the distribution of Reserved Capacity;
 - (iii) the extent to which requests for less Reserved Capacity offset requests for more;
 - (iv) changes in the levels of the other forms of contractual firm capacity (if any);
 - (v) levels of Reserved Capacity and other forms of firm contractual capacity allocated in previous years;
 - (vi) the most recent Capacity Determination⁹, or other pipeline modelling information; and
 - (vii) the maximum capacity of individual Receipt¹⁰ and Delivery Points.
- (4) If Vector believes there is insufficient uncommitted operational capacity for it to approve all Shippers' requests for Reserved Capacity¹¹, 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 Capacity Determination and 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 ÷ All Shippers' requested increases for all RP-DPs on the pipeline) × uncommitted operational capacity; and

⁸ In this disclosure, Code terms are used, ie: Receipt Point = intake point; Delivery Point = offtake point.

⁹ The Vector report which sets out the operational capacity of Receipt-Delivery Points.

¹⁰ In particular, the capacity of Vector's compression (if any).

¹¹ Where doing so would risk breaching Vector's Security Standard (eg pipeline pressures falling below the minima derived from the Gas (Critical Contingency) Regulations 2008).

- (iv) Vector would then check that any allocated increases in Reserved Capacity could actually be delivered via the relevant Delivery Points¹². 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 additional Reserved Capacity during a Year, for example if it acquires new customers, or if existing customers increase their load.
- (2) A Shipper must apply for additional Reserved Capacity using the appropriate screen on OATIS¹³. Vector must also approve (or decline) any request using 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 do so. To ascertain that, Vector considers:
 - (i) the relevant matters listed in paragraph (3) of the previous section; and
 - (ii) any capacity transfer requests (into or out of the pipeline, and/or for the RP-DP in question) 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, for example if a Shipper applied to cancel Reserved Capacity it no longer needed 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, ie:

- (i) Confirmed Reservation Requirements for 2013-14: **approved** in full;
- (ii) requests for additional Reserved Capacity: **152**;
- (iii) requests for additional Reserved Capacity **approved in full: 151**¹⁴; 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, ie:

¹² 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.

¹³ Open Access Transmission System, at www.oatis.co.nz

¹⁴ One request lodged by a Shipper was an error and was declined at the Shipper's request.

- (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**.

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); ie:
 - (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 Disclosure”. That disclosure deals with individual physical offtake points. For commercial/contractual reasons however, some such points are aggregated into “notional” offtake points, an example being Greater Auckland (see Table 1, note 2). Since this disclosure is concerned with contractual capacity rather than physical flow, Tables 1 – 6 show data for the 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 on the line labelled “All Other Points” in the relevant table.
- (4) Data is given for the three dates specified in clause 2.5.4(4), ie:
 - (i) the last day of the preceding pricing year (= 2013-14 contract year);
 - (ii) the first day of the new pricing year (= 2014-15 contract year); and
 - (iii) the first day of the relevant system peak flow period for the preceding pricing year (= 2013-14 contract year).
- (5) Firm contractual transmission capacity in respect of each offtake point comprises Reserved Capacity, Supplementary Capacity (if any) and Legacy Capacity (if any).
- (6) MDQ (maximum daily quantity) and MHQ (maximum hourly quantity), respectively, correspond to the aggregate amount of firm contractual transmission capacity for each offtake point. For all Reserved Capacity, MHQ is currently 1/16th of MDQ. In respect of Supplementary Capacity and Legacy Capacity the MHQ can be a different fraction of MDQ, hence data was obtained from the relevant 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 Limited; “All Others” refers to all other Shippers (including Non-Code Shippers in respect of Legacy Capacity).

TABLE 1: NORTH SYSTEM

Offtake Point		Aggregate Firm Contractual Transmission Capacity (GJ) Held by Vector and All Other Shippers on:						Nominal Delivery Pressure > 20 bar g
		30-Sep-2014		1-Oct-2014		25-Jul-2014		
		Vector	All Others	Vector	All Others	Vector	All Others	
Harrisville	MDQ	1,805	16	1,400	2	1,600	16	
	MHQ	113	1	88	0	100	1	
Drury (1 & 2)	MDQ	950	499	740	229	950	499	
	MHQ	59	31	46	14	59	31	
Hunua (all)	MDQ	140	879	-	846	140	879	note 1
	MHQ	9	55	-	53	9	55	
Flat Bush	MDQ	-	1,942	-	1,748	-	1,942	
	MHQ	-	121	-	109	-	121	
Greater Auckland	MDQ	7,252	42,635	5,755	39,291	6,257	44,183	note 2
	MHQ	453	2,665	360	2,456	391	2,761	
Marsden 1	MDQ	-	-	-	-	-	-	
	MHQ	-	-	-	-	-	-	
Kauri DF	MDQ	2,600	-	2,600	-	2,500	-	
	MHQ	130	-	130	-	125	-	
Waitoki	MDQ	2	712	-	557	2	712	
	MHQ	0	45	-	35	0	45	
Glenbrook	MDQ	-	7,000	-	7,000	1,200	7,000	
	MHQ	-	438	-	438	75	438	
Warkworth	MDQ	1,750	80	1,500	70	1,750	85	
	MHQ	73	5	73	4	73	5	
Tuakau (1 & 2)	MDQ	125	2,502	-	2,485	125	927	note 3
	MHQ	8	183	-	182	8	58	
Whangarei	MDQ	65	600	40	590	65	600	
	MHQ	4	38	3	37	4	38	
Otahuhu	MDQ	-	45,000	-	45,000	-	45,000	48 bar g
	MHQ	-	2,045	-	2,045	-	2,045	
Southdown	MDQ	-	33,000	-	33,000	-	33,000	49 bar g
	MHQ	-	1,650	-	1,650	-	1,650	
Major Points	MDQ	14,689	134,865	12,035	130,819	14,589	134,843	
	MHQ	849	7,276	699	7,023	844	7,248	
All Other Points	MDQ	2,695	296	2,620	327	295	386	
	MHQ	168.44	19	164	20	18	24	
TOTAL SYSTEM	MDQ	17,384	135,161	14,655	131,146	14,884	135,229	
	MHQ	1,018	7,294	863	7,043	863	7,272	
note 1:	Hunua (all) comprises Hunua, Hunua (Nova) and Hunua 3. At Hunua 3 Vector delivers gas at pipeline pressure (ie unregulated).							
note 2:	Greater Auckland is a notional Delivery Point, comprising the actual Westfield, Papakura, Bruce McLaren and Henderson Delivery Points.							
note 3:	Transmission capacity became effective at Tuakau 2 in September 2014, though gas did not start flowing there until November 2014.							

TABLE 2: CENTRAL NORTH SYSTEM

Offtake Point		Aggregate Firm Contractual Transmission Capacity (GJ) Held by Vector and All Other Shippers on:						Nominal Delivery Pressure > 20 bar g
		30-Sep-2014		1-Oct-2014		26-Sep-2014		
		Vector	All Others	Vector	All Others	Vector	All Others	
Greater Hamilton	MDQ	1,471	6,044	1,500	5,373	1,471	6,044	
	MHQ	92	378	94	336	92	378	
Morrinsville DF	MDQ	-	1,824	-	1,544	-	1,824	
	MHQ	-	114	-	96	-	114	
Tatuanui DF	MDQ	-	1,004	-	1,004	-	1,004	
	MHQ	-	63	-	63	-	63	
Waitoa	MDQ	408	1,437	374	1,151	408	1,437	
	MHQ	26	90	23	72	26	90	
Cambridge	MDQ	54	2,635	74	1,904	54	2,635	
	MHQ	3	165	5	119	3	165	
Kiwitahi 1 (Peroxide)	MDQ	-	950	-	850	-	950	
	MHQ	-	59	-	53	-	59	
Te Rapa Cogen	MDQ	-	25,500	-	23,200	-	25,500	22.5 bar g
	MHQ	-	1,200	-	1,092	-	1,200	
Major Points	MDQ	1,934	39,393	1,948	35,026	1,934	39,393	
	MHQ	121	2,068	122	1,831	121	2,068	
All Other Points	MDQ	360	316	331	337	360	316	
	MHQ	22	20	21	21	22	20	
TOTAL SYSTEM	MDQ	2,293	39,710	2,279	35,363	2,293	39,710	
	MHQ	143	2,088	142	1,852	143	2,088	

TABLE 3: CENTRAL SOUTH SYSTEM

Offtake Point		Aggregate Firm Contractual Transmission Capacity (GJ) Held by Vector and All Other Shippers on:						Nominal Delivery Pressure > 20 bar g
		30-Sep-2014		1-Oct-2014		25-Jul-2014		
		Vector	All Others	Vector	All Others	Vector	All Others	
New Plymouth	MDQ	522	2,944	530	2,716	517	3,144	
	MHQ	33	184	33	170	32	196	
Pokuru	MDQ	-	-	-	-	-	-	
	MHQ	-	-	-	-	-	-	
Major Points	MDQ	522	2,944	530	2,716	517	3,144	
	MHQ	33	184	33	170	32	196	
All Other Points	MDQ	295	1,090	246	964	380	1,096	
	MHQ	18	68	15	60	24	69	
TOTAL SYSTEM	MDQ	817	4,034	776	3,681	897	4,240	
	MHQ	51	252	48	230	56	265	

TABLE 4: BAY OF PLENTY SYSTEM

Offtake Point		Aggregate Firm Contractual Transmission Capacity (GJ) Held by Vector and All Other Shippers on:						Nominal Delivery Pressure > 20 bar g
		30-Sep-2014		1-Oct-2014		22-Aug-2014		
		Vector	All Others	Vector	All Others	Vector	All Others	
Tokoroa	MDQ	158	336	158	278	140	336	
	MHQ	10	21	10	17	9	21	
Lichfield DF	MDQ	-	2,099	-	1,671	-	1,935	
	MHQ	-	131	-	104	-	121	
Edgecumbe DF	MDQ	-	5,284	-	4,865	-	4,908	
	MHQ	-	330	-	304	-	307	
Reporoa	MDQ	-	2,321	0	2,117	-	1,995	
	MHQ	-	145	0	132	-	125	
Whakatane	MDQ	2,333	256	2,331	206	2,333	256	
	MHQ	146	16	146	13	146	16	
Tirau DF	MDQ	-	1,551	-	1,377	-	1,467	
	MHQ	-	97	-	86	-	92	
Kinleith (CHH Mill)	MDQ	9,571	-	10,000	-	10,502	-	
	MHQ	598	-	625	-	656	-	
Kawerau (Caxton)	MDQ	583	-	600	-	583	-	
	MHQ	36	-	38	-	36	-	
Kawerau (Tasman)	MDQ	1,830	-	1,800	-	1,830	-	
	MHQ	114	-	113	-	114	-	
Taupo	MDQ	7	610	3	461	7	610	
	MHQ	0	38	0	29	0	38	
Greater Tauranga	MDQ	31	1,209	31	976	24	1,209	
	MHQ	2	76	2	61	1	76	
Gisborne	MDQ	174	1,105	100	1,031	174	1,105	
	MHQ	11	69	6	64	11	69	
Greater Mt Maunganui	MDQ	148	2,418	144	2,309	123	2,430	
	MHQ	9	151	9	144	8	152	
Rotorua	MDQ	356	1,403	300	1,216	362	1,430	
	MHQ	22	88	19	76	23	89	
Major Points	MDQ	15,190	18,591	15,467	16,507	16,078	17,682	
	MHQ	950	1,162	967	1,032	1,005	1,105	
All Other Points	MDQ	1,642	841	834	762	1,721	1,140	
	MHQ	103	53	52	48	108	71	
TOTAL SYSTEM	MDQ	16,832	19,433	16,301	17,269	17,799	18,821	
	MHQ	1,052	1,215	1,019	1,079	1,113	1,176	

TABLE 5: SOUTH SYSTEM

Offtake Point		Aggregate Firm Contractual Transmission Capacity (GJ) Held by Vector and All Other Shippers on:						Nominal Delivery Pressure > 20 bar g
		30-Sep-2014		1-Oct-2014		25-Jul-2014		
		Vector	All Others	Vector	All Others	Vector	All Others	
Paraparaumu	MDQ	34	585	30	551	34	585	
	MHQ	2	37	2	34	2	37	
Hawera (all)	MDQ	1,662	934	1,650	767	763	915	note 1
	MHQ	104	58	103	48	48	57	
Whanganui	MDQ	1,989	1,876	2,000	1,716	1,129	1,840	
	MHQ	124	117	125	107	71	115	
Okaiawa	MDQ	-	1,680	-	1,680	-	1,680	
	MHQ	-	105	-	105	-	105	
Marton	MDQ	570	276	550	277	575	286	
	MHQ	36	17	34	17	36	18	
Palmerston North	MDQ	301	3,837	300	3,656	301	4,108	
	MHQ	19	240	19	229	19	257	
Longburn	MDQ	1,050	432	1,100	445	353	432	
	MHQ	66	27	69	28	22	27	
Levin	MDQ	300	1,024	250	853	324	961	
	MHQ	19	64	16	53	20	60	
Belmont	MDQ	522	5,952	550	5,462	539	6,070	
	MHQ	33	372	34	341	34	379	
Feilding	MDQ	82	810	60	634	102	912	
	MHQ	5	51	4	40	6	57	
Hastings (all)	MDQ	3,155	3,253	2,750	3,471	3,400	4,156	note 2
	MHQ	197	203	172	217	213	260	
Tawa (A+B)	MDQ	945	9,954	820	8,879	1,085	11,686	
	MHQ	59	622	51	555	68	730	
Greater Waitangirua	MDQ	65	1,479	55	1,442	70	1,479	
	MHQ	4	92	3	90	4	92	
Major Points	MDQ	10,674	32,092	10,115	29,832	8,673	35,109	
	MHQ	667	2,006	632	1,865	542	2,194	
All Other Points	MDQ	1,891	2,589	1,834	2,184	714	2,565	
	MHQ	118	162	115	136	45	160	
TOTAL SYSTEM	MDQ	12,565	34,681	11,949	32,016	9,387	37,673	
	MHQ	785	2,168	747	2,001	587	2,355	

note 1: Hawera (all) comprises Hawera and Hawera (Nova)

note 2: Hastings (all) comprises Hastings and Hastings (Nova)

TABLE 6: FRANKLEY ROAD SYSTEM

Offtake Point		Aggregate Firm Contractual Transmission Capacity (GJ) Held by Vector and All Other Shippers on:						Nominal Delivery Pressure > 20 bar g
		30-Sep-2014		1-Oct-2014		21-Feb-2014		
		Vector	All Others	Vector	All Others	Vector	All Others	
Frankley Road-Bi	MDQ	-	206,000	-	212,000	-	206,000	note 1
	MHQ	-	8,883	-	9,183	-	8,883	
Kaimiro	MDQ	-	-	-	-	-	-	
	MHQ	-	-	-	-	-	-	
Stratford 2	MDQ	-	50,000	-	50,000	-	50,000	note 2
	MHQ	-	2,500	-	2,500	-	2,500	
Ammonia-Urea	MDQ	-	22,500	-	22,500	-	22,500	note 3
	MHQ	-	1,010	-	1,010	-	1,010	
Kapuni GTP	MDQ	-	25,508	-	26,435	-	27,335	~39 bar g
	MHQ	-	1,282	-	1,340	-	1,396	
Major Points	MDQ	-	304,008	-	310,935	-	305,835	
	MHQ	-	13,675	-	14,033	-	13,789	
All Other Points	MDQ	-	120,173	-	120,033	-	120,172.92	
	MHQ	-	7,511	-	7,502	-	7,511	
TOTAL SYSTEM	MDQ	-	424,181	-	430,968	-	426,008	
	MHQ	-	21,186	-	21,535	-	21,300	
note 1:	The delivery pressure is the pressure required at any time to inject gas into the Maui Pipeline							
note 2:	Vector delivers gas at pipeline pressure (ie unregulated) to the Stratford power station							
note 3:	Ammonia-Urea comprises the Ballance 8201 and 9626 delivery points. At both points Vector endeavours to deliver gas at not less than 29 bar g							