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AMENDMENTS TO AUTHORISATIONS FOR THE SUPPLY OF CONTROLLED NATURAL GAS SERVICES BY POWERCO LIMITED AND VECTOR LIMITED

PURSUANT TO
SECTION 70F OF THE COMMERCE ACT 1986

AMENDMENT TO THE COMMERCE ACT (POWERCO NATURAL GAS SERVICES) AUTHORISATION 2008

Pursuant to section 70F of the “Commerce Act 1986 (as continued in force by section 55G of that Act), the Commerce Commission (“Commission”) makes the following authorisation:

1 Title

This authorisation is the Commerce Act (Powerco Natural Gas Services) Amendment Authorisation 2010.

2 Commencement and expiry

2.1 This authorisation comes into force on the day on which notice of it is given in the *New Zealand Gazette* under section 70F of the Commerce Act 1986 (as continued in force by section 55G of that Act).

2.2 This authorisation expires on the expiry of the Commerce Act (Powerco Natural Gas Services) Authorisation 2008 (“the principal authorisation”).

3 Quality performance reporting

3.1 The table in Schedule 6 of the principal authorisation is revoked and replaced with the following:

| Indicator | Description | Guidance / Instruction |
|---------------------------------------|---|--|
| Approximation | Is an estimation based on the best quality information available at the time of calculation. | |
| Average Total Customer Numbers | The average of customer numbers measured at the start of the reporting year and at end of the reporting year. | Calculated as: [Total customer numbers as at beginning of reporting year + Total customer numbers as at end of reporting year] / 2. Reporting year: Is the business' reporting year (year end 30 June). |
| CIV | Customer Isolation Value. | Also known as the “riser” valve. |
| Complaints | Expression of dissatisfaction made to Powerco, related to Powerco's controlled gas business, gas services offered, or the complaint-handling process itself, where a response or resolution is explicitly or implicitly expected. | Complaint must be formally communicated to Powerco. Complaints include complaints received by email or by telephone to Powerco's call centre (Network Operation Centre). Complaint must relate to Powerco's gas business (including its employees and services offered). Each individual complaint should be treated separately. If a person complains more than once on the same issue, it is only one complaint. This definition has been developed based on the international measure ISO 10002:2004 Complaint Management System. |

| Indicator | Description | Guidance / Instruction |
|---|---|---|
| Confirmed Public Reported Escapes of Gas | Any escape of gas confirmed by the business excluding third party damage events, leaks detected by routine survey and no traces events. | Calculated as [Number of confirmed public reported escapes of gas / total length of pipeline [kms]× 1000]. Measurement of PRE will be limited against network assets for which Powerco is responsible, ie assets upstream of, and including, the customer isolation valve (CIV). Interpreted as all calls to the Powerco Call Centre (Network Operation Centre) which do not come from Powerco employees or affiliates and are confirmed. |
| Customer | A connection point assigned a unique national metering identification number or agreed point of supply. | Must be a live/active customer and connected to Powerco's network. |
| Customer Minutes | Total Customers affected × interruption duration. | |
| Emergency | Can be one of the following events: an unplanned escape and/or ignition of gas that requires the active involvement of any emergencies service (ie, fire service, ambulance); or an unplanned disruption in the supply of gas that affects more than five customers; or the need to evacuate premises as the result of escape or ignition of gas. | |
| Emergency Response Time | The response time is defined as the time elapsed from when an emergency is reported to a Powerco representative until Powerco's personnel arrives at the location of the emergency. | Recorded in minutes. "Representative" is defined as the Powerco call centre representative. "Personnel" is defined as the faultman called in response to the emergency via the Powerco call centre. |
| Emergency Service Number | Powerco's emergency services number. | Powerco's current emergency number 0800 111 848. |
| Interruption | A loss of gas supply upstream at the Customer Isolation Value (CIV) to a customer. | Except for momentary interruptions of less than a minute, Powerco must record all instances when gas supply has been lost, including the short time taken to replace a defective meter or regulator. |
| Interruption Duration | The time difference between the start time of the initial interruption and the interruption end time. | Interruption duration must be recorded in minutes. Rounding up to the nearest minute is permitted. Powerco must notify the Commission of any instance where the duration is an approximation and will disclose the total amount of instances where the duration is an approximation. A full listing of associated interruptions will be provided on request. |
| Interruption End Time | The time at which the supply of gas is restored to the customer's isolation valve. | If multiple end customers are affected by interruption, a multi-stage restoration may occur. If a multistage restoration occurs, end times will be as per time restored to each stage or end customer. |

| Indicator | Description | Guidance / Instruction |
|---|--|--|
| Interruption Start Time | The interruption start time is the earlier of the date and time at which: the CIV is closed by Powerco; plant is isolated by Powerco; or the time and date initially logged by the call centre following calls received to the Emergency Services number in respect of multiple losses of supply arising from a single cause; or Powerco is advised of loss of supply by a retailer or customer. | |
| Leaks Detected by Routine Survey | Number of leaks detected on system by routine network survey. | Calculated as [Number of leaks detected on distributor's network by routine network survey / total length pipeline in kms x 1000]. Measurement of leaks will be limited against assets for which Powerco is responsible. Includes DRSs, valves, Powerco GMSs etc. Excludes outlet pipe. Routine surveys include those conducted by third parties contracted by Powerco to conduct these on Powerco's behalf. |
| Leak Survey | A planned or scheduled maintenance activity where the gas pipelines are surveyed to detect any possible leaks. | |
| Loss of Gas Supply | Is where gas in the distribution network is not sufficient at the CIV to supply a customer's appliances and/or gas equipment. | |
| Mains | Mains are the network of pipes that transport gas from the bulk supply transmission system to the service. | |
| Outage Event | Any unplanned interruption that affects more than five customers. | This is interpreted to mean any unplanned event that causes more than five customers to have their gas supply interrupted. Powerco must record the following details for each event: Date, regional network name, number of connections affected, average duration, whether caused by third party interference damage. |
| Planned Interruptions | Any interruptions that have been planned by Powerco and notified to the customer or its retailer. | Planned interruptions occur when a distributor needs to disconnect supply either for its own reasons (ie, to undertake maintenance or construction work) or on the initiative of another party (ie customer, local council, other utilities providers) and when the distributor is able to give 10 business days' notice to either the customer or its retailer or arrange the interruption with the customer or its retailer. Powerco must give customers or their retailers at least 10 business days' notice for all planned interruptions unless otherwise arranged with the customer or its retailer. |
| Poor Pressure Events | Number of confirmed unplanned incidents where delivery pressure drops below target levels within a pressure system. Incidents caused by low gate station pressure, and third party damage events to the network should be excluded. | Number of "confirmed unplanned network incidents" that have caused the customer to complain about poor supply pressure. A confirmed network incident is a result of poor supply pressure and is upstream of the CIV. Excludes incidents caused by transmission system fault and third party damage events to the network. Note that where poor supply pressure results in an interruption, it will not be recorded as a poor pressure event. |

| Indicator | Description | Guidance / Instruction |
|---|---|---|
| Regional Network | For Powerco this will mean the following networks: Hawke's Bay; Manawatu/ Horowhenua; Wellington; Hutt Valley & Porirua; Taranaki. | |
| Reporting Year | Is the business' financial year (year end 30 June). | |
| Services | Services are the pipes used for the transport of gas from the main to the customer isolation valve. | |
| Third Party Damage Event | An event where a third party has caused damage requiring repair to Powerco's network or associated equipment. | Third party damage excludes damage caused by related parties or contractors in the service of Powerco. |
| Time Taken to Answer Emergency Calls | The time taken from when a caller selects the emergency option in Powerco's Automated Telephone Attendant System to when an individual answers that call. | This measurement will commence at the point the caller selects gas emergency option. This measurement will end at the time when the caller is connected to an individual in the Powerco call centre (NOC). The measurement relates only to calls to the Powerco emergency services number and only to calls which are validated as emergency calls. |
| Total Gas Input at Entry Points | Quantity of gas entering the system or systems during the reporting year. | Recorded in GJ as recorded by metering system. |
| Total Length of Mains | The average of: total length of mains measured at the start of the reporting year and total length of mains measured at end of the reporting year. | Calculated as: $[\text{Total length mains as at beginning of reporting year} + \text{total length mains as at end of reporting year}] / 2$ |
| Total Length of Pipeline | Total pipeline operated by Powerco. | Measured in kilometres. Includes services pipeline. Powerco must report pipeline length for each regional network. Calculated as $[\text{Total length as at beginning of reporting year} + \text{Total length as at end of reporting year}] / 2$ |
| Total Length of Pipeline Surveyed | Length of system (mains and services) surveyed. | Measured in kilometres. Includes DRSs, valves etc. Excludes GMSs and customer outlet pipe. |
| Transmission Fault | An occurrence of insufficient system capability to provide the required quantity of gas to a customer isolation valve due to a failure on the transmission network. | This includes instances where an interruption or poor pressure in Powerco's network has been caused by pressure at a transmission system delivery point dropping below the minimum delivery pressure. |
| Unaccounted for Gas (UFG) | Total gas measured at transmission input stations minus all quantity of gas delivered. | The annual UFG factor as determined in accordance with the Gas (Downstream Reconciliation) Rules 2008. For the avoidance of doubt, this is to cover the 12-month period up to and including 30 June of the disclosure year. |
| Unplanned Interruptions | Any interruption that was not a planned interruption. | |

3.2 Schedule 7, Form 8, clause 2 of the principal authorisation is amended by revoking the row of the table that relates to responses to unaccounted for gas and replacing it with the following:

| Indicator | Calculation | Threshold | Value |
|----------------------------|---|----------------|-------|
| Unaccounted for Gas | Unaccounted for gas factor as determined in accordance with the Gas Downstream Reconciliation) Rules 2008 for the 12-month period up to and including 30 June of the disclosure year. | Not applicable | |

3.3 Schedule 7, Form 8, clause 3 of the principal authorisation is amended by revoking the rows of the table that relate to responses to emergency and answering telephone calls and replacing them with the following:

| Indicator | Calculation | Threshold | Value |
|----------------------------------|---|---|----------------|
| Responses to Emergency | Number of emergencies responded to within 60 minutes / total number of emergencies. | 95% of emergencies should be responded to within 60 minutes | |
| Answering telephone calls | Number of calls to the emergency number answered within 30 seconds / total number of calls to the emergency number. | | Not applicable |

4 Reasons for this authorisation

The Commission's reasons for making this authorisation are:

- (a) The Commission considers that the descriptions of certain indicators relating to quality performance reporting in Schedule 6 of the principal authorisation should be amended to improve their clarity;
- (b) the Commission considers that certain performance indicators relating to quality performance reporting in Schedule 7 of the principal authorisation should be amended to clarify the calculation method of the indicators; and
- (c) the Commission has consulted with affected parties, including Powerco, regarding the relevant provisions of Schedules 6 and 7 and has obtained sufficient information to make an appropriate amendment to the principal authorisation.

Copies of the amended principal authorisation can be viewed on the Commission's website

<http://www.comcom.govt.nz/IndustryRegulation/Gas/CommissionReportsandDocuments/authorisation.aspx>

Copies can also be obtained from the offices of the Commission at 44–52 The Terrace, Wellington.

Dated at Wellington this 25th day of March 2010.

Dr Mark Berry
CHAIR
COMMERCE COMMISSION

AMENDMENT TO COMMERCE ACT (VECTOR NATURAL GAS SERVICES) AUTHORISATION 2008

Pursuant to section 70F of the Commerce Act 1986 (as continued in force by section 55G of that Act), the Commerce Commission (“Commission”) makes the following authorisation:

1 Title

This authorisation is the Commerce Act (Vector Natural Gas Services) Amendment Authorisation 2010.

2 Commencement and expiry

2.1 This authorisation comes into force on the day on which notice of it is given in the *New Zealand Gazette* under section 70F of the Commerce Act 1986 (as continued in force by section 55G of that Act).

2.2 This authorisation expires on the expiry of the Commerce Act (Vector Natural Gas Services) Authorisation 2008 (“the principal authorisation”).

3 Quality performance reporting

3.1 The table in Schedule 6 of the principal authorisation is revoked and replaced with the following:

| Indicator | Description | Guidance / Instruction |
|---|---|--|
| Average Total Customer Numbers | The average of customer numbers measured at the start of the reporting year and at end of the reporting year. | Calculated as: [Total customer numbers as at beginning of reporting year + Total customer numbers as at end of reporting year] / 2. Reporting year: Is the business’ reporting year (year end 30 June). |
| CIV | Customer Isolation Value. | Also known as the “riser” valve. |
| Complaints | Expression of dissatisfaction made to Vector, related to Vector’s controlled gas business, gas services offered, or the complaint-handling process itself, where a response or resolution is explicitly or implicitly expected. | Complaint must be formally communicated to Vector. Complaints include complaints received by email or by telephone to Vector’s call centre. Complaint must relate to Vector’s gas business (including its employees and services offered). Each individual complaint should be treated separately. If a person complains more than once on the same issue, it is only one complaint. This definition has been developed based on the international measure ISO 10002:2004 Complaint Management System. |
| Confirmed Public Reported Escapes of Gas | Any confirmed escape of gas reported to Vector; excluding third party damage events, leaks detected by routine survey and no traces events. | Calculated as [Number of confirmed public reported escapes of gas / total length of pipeline [kms] × 1000]. Measurement of PRE will be limited against assets for which Vector is responsible, ie assets upstream of, and including, the customer isolation valve (CIV). |
| Customer | A connection point assigned a unique national metering identification number or agreed point of supply. | Must be a live/active customer and connected to Vector’s network. |

| Indicator | Description | Guidance / Instruction |
|---|---|--|
| Emergency | Can be one of the following events: An unplanned escape and/or ignition of gas that requires the active involvement of any emergencies service (ie, fire service, ambulance); or an unplanned disruption in the supply of gas that affects more than five customers; or the need to evacuate premises as the result of escape or ignition of gas. | |
| Emergency Response Time | The response time is defined as the time elapsed from when an emergency is reported to a Vector representative until Vector's personnel arrives at the location of the emergency. | Recorded in minutes. "Representative" is defined as the Vector call centre representative. "Personnel" is defined as the faultman called in response to the emergency via the Vector call centre. |
| Interruption | A loss of gas supply upstream at the Customer Isolation Value (CIV) to a customer. | Except for momentary interruptions of less than a minute, Vector must record all instances when gas supply has been lost. |
| Interruption Duration | The time difference between the start time of the initial interruption and the interruption end time. | Interruption duration must be recorded in minutes. Rounding up to the nearest minute is permitted. Vector must notify Commission of any instance where it has approximated the interruption duration. |
| Interruption End Time | The time at which the supply of gas is restored to the customer's isolation valve. | If multiple end customers are affected by an interruption, a multi-stage restoration may occur. If a multi-stage restoration occurs, end times will be as per time restored to each stage or end customer. |
| Interruption Start Time | The interruption start time is the earlier of the date and time at which: the CIV is closed by Vector; plant is isolated by Vector; or the time and date initially logged by the call centre following calls received to the Emergency Services number in respect of multiple losses of supply arising from a single cause; or Vector is advised of loss of supply by a retailer. | |
| Leaks Detected by Routine Survey | Number of leaks detected on system by routine network survey | Calculated as [Number of leaks detected on distributor's network by routine network survey / total length pipeline in kms x 1000]. Measurement of leaks will be limited against assets for which Vector is responsible, ie assets upstream of, and including, the customer isolation valve CIV). Includes DRSs, valves etc. Excludes GMSs and outlet pipe. |
| Mains | Mains are the network of pipes that transport gas from the bulk supply transmission system to the service. | |
| Outage Event | Any unplanned interruption that affects more than five customers. | This is interpreted to mean any unplanned event that causes more than five customers to have their gas supply interrupted. Vector must record the following details for each event: Date, regional network name, number of connections affected, average duration, whether caused by third party interference damage. |

| Indicator | Description | Guidance / Instruction |
|--|--|--|
| Planned Interruptions | Any interruptions that have been planned by Vector and notified to the customer or its retailer. | Planned interruptions occur when a distributor needs to disconnect supply either for its own reasons (ie, to undertake maintenance or construction work) or on the initiative of another party (ie customer, local council, other utilities providers) and when the distributor is able to give 10 business days notice to either the customer or its retailer or arrange the interruption with the customer or its retailer. Vector must give customers or their retailers at least 10 business days' notice for all planned interruptions unless otherwise arranged with the customer or its retailer. |
| Poor Pressure Events | Number of confirmed unplanned incidents where delivery pressure drops below target levels within a pressure system. Incidents caused by low gate station pressure and third party damage events to the network should be excluded. | Number of "confirmed unplanned network incidents" that have caused the customer to complain about poor supply pressure. A confirmed network incident is a result of poor supply pressure and is upstream of the CIV. Excludes incidents caused by transmission system fault and third party damage events to the network. Note that where poor supply pressure results in an interruption, it will not be recorded as a poor pressure event. |
| Reporting Year | Is the business' financial year (year end 30 June). | |
| Services | Services are the pipes used for the transport of gas from the main to the customer. | |
| Third Party Damage Event | An event where a third party has caused damage requiring repair to Vector's network or associated equipment. | Third party damage excludes damage caused by related parties or contractors in the service of Vector. |
| Total Gas Input at Entry Points | Quantity of gas entering the system or systems during the reporting year. | Recorded in GJ as recorded by metering system. |
| Total Length of Pipeline | Total pipeline operated by Vector and controlled by the Commerce (Control of Natural Gas Services) Order 2005. | Measured in kilometres. Includes services pipeline. Calculated as [Total length as at beginning of reporting year + Total length as at end of reporting year] / 2. |
| Total Length of Pipeline Surveyed | Length of system (mains and services) surveyed. | Measured in kilometres. Includes DRSs, valves etc. Excludes GMSs and customer outlet pipe. |
| Transmission Fault | An occurrence of insufficient system capability to provide the required quantity of gas to a customer isolation valve due to a failure on the transmission network. | This includes instances where an interruption or poor pressure in Vector's network has been caused by pressure at a transmission system delivery point dropping below the minimum delivery pressure. |
| Unaccounted for Gas (UFG) | Total gas measured at transmission input stations minus all quantity of gas delivered. | The annual UFG factor as determined in accordance with the Gas (Downstream Reconciliation) Rules 2008. For the avoidance of doubt, this is to cover the 12-month period up to and including 30 June of the disclosure year. |
| Unplanned Interruptions | Any interruption that was not a planned interruption. | |

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| Unaccounted for Gas | Unaccounted for gas factor as determined in accordance with the Gas Downstream Reconciliation) Rules 2008 for the 12-month period up to and including 30 June of the disclosure year. | Not applicable | |

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| Indicator | Calculation | Threshold | Value |
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| Answering telephone calls | Number of calls to the emergency number answered within 30 seconds / total number of calls to the emergency number. | | Not applicable |

4 Reasons for this authorisation

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- (b) the Commission considers that certain performance indicators relating to quality performance reporting in Schedule 7 of the principal authorisation should be amended to clarify the calculation method of the indicators; and
- (c) the Commission has consulted with affected parties, including Vector, regarding the relevant provisions of Schedules 6 and 7 and has obtained sufficient information to make an appropriate amendment to the principal authorisation.

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Copies can also be obtained from the offices of the Commission at 44–52 The Terrace, Wellington.

Dated at Wellington this 29th day of March 2010.

Dr Mark Berry
CHAIR
COMMERCE COMMISSION