

# Bridge Commitments: Progress Report

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## For the quarter ending 31 March 20123

The Bridge Commitments are a series of commitments made by the majority of shippers aimed at addressing short term concerns about competition on the North Pipeline. They have been in place since August 2011.

During the March quarter there were no capacity offers listed on the Gas Transmission Exchange (GTX). Five large gas users on the North Pipeline switched supplier during the period, but there was little or no gas tendering activity.

In March, Vector released a document entitled, "Capacity Determination for the Vector Gas Transmission System, as at 21 February 2013," which contains a determination of uncommitted operational capacity on the North System as well as the other Vector transmission systems.

The Panel of Expert Advisers (PEA) continues to make good progress in its work considering transmission access and pricing issues. In April, Gas Industry Co hosted a workshop that allowed the PEA to present its current thinking on these issues, including the concepts of evolution and convergence for the future of the Maui and Vector transmission systems. Papers from the workshop are available on the Gas Industry Co website at <http://gasindustry.co.nz/work-programme/advisory-panels/panel-expert-advisers>. Gas Industry Co expects to receive the next report of advice from the PEA in August of this year.

Further information on the Bridge Commitments and previous reports are available at <http://gasindustry.co.nz/work-programme/short-term/bridge-commitments>

Commitment	Progress since January 2013
<p>1. <i>as a Shipper...</i></p> <p>a. <i>ensure that transmission capacity (capacity) is available to the preferred retailer...</i></p> <p>b. <i>provide that capacity and quantity information, ...</i></p> <p>c. <i>provide that information in paragraph 1(b) to the Gas Industry Company Limited (GIC), ...</i></p>	<p>In the past quarter, there were no capacity offers listed on the GTX.</p> <p>Gas Industry Co understands that there was little or no gas tendering activity in the past quarter.</p> <p>There were five switches of ToU customers on the North pipeline in the period: four were in Allocation Group 2, and one in Allocation Group 1.</p>
<p>2. <i>to ensure that within ten business days after the completion of the tender process initiated by the end user or Shipper, the information in paragraph 1(b) will be disclosed...</i></p>	<p>Information on previous capacity offers is available on the GTX (<a href="http://thegtx.co.nz/bid-book/trade">http://thegtx.co.nz/bid-book/trade</a>), which provides a platform where Shippers themselves can post and accept offers.</p> <p>The GTX includes all the offers that Gas Industry Co is aware have been made under Commitment 1.</p>
<p>3. <i>to negotiate, and where practicable agree, on a set of reasonable commercial terms to govern the transfer of capacity under Supplementary Agreements...</i></p>	<p>This commitment is complete.</p> <p>Contact Energy and Mighty River Power (MRP) have both completed agreements with Vector Gas Limited that allow supplementary transmission capacity booked for Otahuhu and Southdown to be transferred to other shippers.</p> <p>Gas Industry Co understands that neither Contact nor MRP has been approached to trade supplementary capacity.</p>

Commitment	Progress since January 2013
<p>4. to disclose to the GIC such information as the GIC reasonably requires to enable it to understand and assess the extent of the Northern Pipeline capacity constraint, the efficiency of the current capacity allocation mechanism and the need for asset investment...</p>	<p>Gas Industry Co has issued no requests for information in the past quarter.</p>
<p>5. to work with GIC on a review of the Northern Pipeline capacity constraint, with the results made public and presented in an open forum by a target date of 1 December 2011.</p>	<p>In March, Vector released a document entitled, "Capacity Determination for the Vector Gas Transmission System, as at 21 February 2013," which contains a determination of uncommitted operational capacity on the North System as well as the other Vector transmission systems. A copy of the report is available at <a href="http://www.vector.co.nz/capacity-determination-for-vector-gas-transmission-system-21-february-2013">http://www.vector.co.nz/capacity-determination-for-vector-gas-transmission-system-21-february-2013</a></p>
<p>6. to work together to develop a platform (known as a Bulletin Board) to facilitate the open and transparent trading of capacity between willing buyers and sellers, by a target date of 1 December 2011.</p>	<p>The GTX has been operational since May 2012. Capacity offers are discussed under item 1 above.</p>
<p>7. to participate in a project with the objective of developing longer term market solutions; establishing the current need for gas transmission investment; and developing an effective pathway for gas transmission investment to take place, including correctly signalling the price of gas transmission capacity.</p>	<p>The work of the Panel of Expert Advisers (PEA) continues; meeting papers and updates can be viewed on Gas Industry Co's website at <a href="http://gasindustry.co.nz/work-programme/advisory-panels/panel-expert-advisers">http://gasindustry.co.nz/work-programme/advisory-panels/panel-expert-advisers</a> . The PEA is expected to present its further advice to Gas Industry Co in August of this year.</p>