



## FROM THE CHIEF EXECUTIVE

A couple of highlights for the past quarter discussed below speak to both the New Zealand gas industry and its governance. Also notable in the quarter are the first wholesale gas trades following the establishment of two wholesale trading platforms. These fulfil a long-held desire for a trading mechanism that is more accessible and transparent than the opaque trading practices that have characterised the wholesale gas market to date.

Gas Industry Co has just announced the next proposed phase of the development of the country’s multi-lateral transmission code arrangements. New Zealand’s existing arrangements have their origins in the early 1990s, when the current Gas Act opened formerly integrated regional exclusive gas franchise monopolies to market competition.

The first open access arrangements were put in place for transmission and distribution networks other than the Maui pipeline. When production from the Maui field started to decline in the early 2000s, the substantial renegotiation of the Maui gas contracts was accompanied by an expectation that gas would flow from a number of different fields and a corresponding call for the Maui pipeline to become open access. As a result, separate (but broadly consistent) multi-lateral codes were developed in the mid-late 2000s for the Vector and Maui systems.

The current work, led by Gas Industry Co under its Gas Transmission Investment Programme (GTIP), essentially represents the next phase in the development of those Codes, particularly following the experience of constraints of the Auckland system announced in 2009.

The GTIP work has demonstrated both the flexibility and value of the co-regulatory governance model for the gas industry. The industry contributed some of its wisest heads to participate in a Panel of Expert Advisers (PEA), and they were joined by an experienced independent Chair and leading economists. The PEA’s Second Advice Report represents 18 months of focused and consistent work diagnosing the transmission capacity and pricing issues of the industry and the best path forward.

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**All reports, submissions and other documents referred to in this Quarterly Report are available on our website at [www.gasindustry.co.nz](http://www.gasindustry.co.nz)**

*...from page 1*

In simple terms, the PEA finds that the multi-lateral transmission Codes remain an appropriate basis for our transmission arrangements and that a form of 'evolutionary convergence' is appropriate for their development. This implies both continued steady work and the harmonisation of the two separate Codes where that is appropriate.

Submissions on this proposal were interestingly diverse. However, in summary, Gas Industry Co's assessment is that the core of the PEA's advice is unaltered by submissions. We have therefore invited the industry to progress a plan for implementation of the Codes' development. The PEA also recommended Gas Industry Co continue its own policy development work under the GTIP, to ensure that a 'counterfactual design' is available in the event that industry proposals either do not proceed, are insufficiently robust, or are not timely.

At this juncture, the industry is in a position to lead and implement change, but in the knowledge that Gas Industry Co is monitoring its progress and will act if required.

This approach to governance is highly appropriate for gas transmission. By contrast, there are aspects of governance arrangements that require formal regulations, as seen in Gas Industry Co's recommendations for improvements to the Critical Contingency Management Regulations (CCM Regulations) and also recent changes to the Compliance Regulations.

While the industry has had a full opportunity to provide input into these developments, and the large majority of the changes have strong support, there is no doubt that formal clear regulation is required. The review of the CCM Regulations, including an update comparison of international practice, leaves the industry well positioned looking forward.

Finally, and also looking ahead, I was pleased to present to two industry conferences in the period (the Upstream Conference and the Gas New Zealand Conference) on two strategic themes for the industry. As the Government continues its strategic focus on upstream investment, Gas Industry Co has been keen to discuss these two themes:

- the importance of a healthy domestic New Zealand gas market in supporting upstream investment; and
- whether the downstream industry is well prepared for a significant new gas find to be brought to the domestic gas market.

We've been pleased to engage with the industry around these strategic themes, which will underpin our industry consultation commencing in late November on Gas Industry Co's next Statement of Intent that will include our Work Plan for 2015 and beyond.

Steve Bielby  
Chief Executive

## Industry performance highlights

This Quarterly Report includes Gas Industry Co's regular Industry Performance Report (**page 10**). Highlights are:

- Customer switches average about 3,600 switches per month. With a recent upturn in switching levels, the annual churn rate is now about 16 percent, up from the 15 percent level of the previous year. Customer switching in Taranaki and Wanganui has been higher than the national average.
- The average switching time is about 5.5 business days, in contrast to the weeks or months that switching used to take prior to the inception of the switching registry.
- Unaccounted-for gas (UFG) volumes have been relatively low for the past two months, as is usual for the time of year. As expected, the amount of UFG recorded for the winter months has decreased with the interim allocation runs of May and June 2013. The average annual amount of UFG is about 1.3 percent.
- There have been no major movements in customer market share over recent months. Genesis Energy remains the largest gas retailer by customer numbers, ahead of Contact Energy and Mercury Energy.
- As measured by the Herfindahl–Hirschman Index (HHI), market concentration in all regions of the North Island has decreased in the past four years, reflecting new retailers entering the market and smaller retailers increasing their market share.
- Nova and OnGas are the largest retailers by gas volumes, reflecting their focus on the industrial and commercial sectors of the gas market (although Nova also has a presence in the mass market segment).
- Over 95 percent of gas consumers are connected to a gate where at least six retailers trade,

## Minister supports recommendations on gas processing information, insolvent retailer arrangements

The Minister of Energy and Resources has supported Gas Industry Co's recommendations relating to gas processing facility regulation and arrangements for managing the effects of a gas retailer insolvency.

### Gas Processing Information Disclosure Rules

The Minister agreed that the period for which the Gas (Processing Facilities Information Disclosure) Rules 2008 (Gas Processing Information Disclosure Rules) are in force should not be extended and should therefore be allowed to expire (on 27 June 2014). He also noted that this recommendation does not limit Gas Industry Co's ability to make regulations for access to gas processing facilities in future, if that is ever warranted.

In its [recommendation](#) to the Minister, Gas Industry Co advised that a review of gas processing facility access found no evidence to suggest a market failure and that it would be inconsistent with Gas Act objectives to recommend regulating an efficiently operating market.

The purpose of the disclosure regime was to determine whether there were any issues regarding access to gas processing facilities that would indicate facility owners were able to exercise market power. It required gas processing facility owners to file annual information about the processing capability, capacity availability and use of their facilities, as well as details of any inquiries for third party access to them. Gas Industry Co received and

published the information disclosures, and monitored owners' responses to access requests. No issues were identified with third party access to gas processing facilities over the past five years.

### **Insolvent Retailer Arrangements**

The Minister agreed with Gas Industry Co's recommendation that permanent backstop regulation for gas retailer insolvency is not necessary, and that the Company, with industry participants, develops drafting instructions for backstop regulations. In the rare event of a future retailer insolvency, and if required these backstop regulations be tailored, recommended to the Minister and made under urgency.

Gas Industry Co's [advice](#) was the outcome of a review and consultation processes initiated following the voluntary liquidation of a gas retailer, the E-Gas Group, in 2010. The recommendation proposed that normal insolvency arrangements generally work well and should be allowed to run their course. Further, gas-specific backstop regulations could reduce the incentive for industry participants to reach a commercial agreement, may lack flexibility to deal with a range of potential retailer defaults and reduce the scope for a new competitor to enter the gas market by way of acquiring an insolvent retailer's assets.

Gas Industry Co has now established an [Insolvent Retailers Working Group \(IRWG\)](#) to assist Gas Industry Co in the development of drafting instructions for backstop regulations.

### **Work progressing on Retail Contracts Scheme revisions**

Following an [Analysis of Submissions](#) on its [Consultation Paper](#), *Retail Gas Contracts: Review of the Oversight Scheme*, Gas Industry Co has commenced detailed work on revisions to the Scheme. A Statement of Proposal is expected to be released for consultation by the end of November 2013.

Three submissions were received on the Consultation Paper, with general consensus that the Scheme should continue with some modifications, rather than replaced with a form of regulatory arrangement. Other substantial points arising included:

- a view that the Scheme should apply only to residential consumers. However, Gas Industry Co considers there is value in continuing to review standard form commercial contracts as well, as some of these consumers may not have the capacity to effectively negotiate with large gas retailers.
- Gas Industry Co agrees with submitter suggestions that special terms should be excluded from assessment under the Scheme, as these indicate the consumers in these cases are aware of, and understand, the gas supply arrangement they are entering into.
- Gas Industry Co will take into consideration submissions that the Scheme should not be extended to include LPG.

The detailed work now being undertaken will include factors that would trigger future assessments and at what frequency. Subject to the outcome of this work, Gas Industry Co has indicated its agreement with submitters' views that:

- the time period between assessments should be on an 'as-required' basis.
- agreements should be assessed when they are updated.
- reassessment should be necessary where Benchmarks are significantly revised.
- retailers should be able to request additional reviews, with the retailer bearing the cost.

Gas Industry Co will liaise with the Electricity Authority (EA) in response to submitters' support for further work to align assessments with the EA's own review of electricity retail contracts.

The timeline for future work envisages completion of the review and a recommendation to the Minister by February 2014, prior to the next scheduled assessment date of 1 July 2014. The [Retail Gas Contracts Oversight Scheme](#) was implemented in 2010, and annual assessments in that time have seen retailers' alignment with the contract Benchmarks improve from 'Moderate' to 'Substantial'.

The Scheme envisaged a review at this time and, noting the improving trend, Gas Industry Co advised the Minister in January 2013 of a review to ensure the Scheme remains fit for purpose. It was also determined that it would be appropriate to suspend the 2013 assessment pending the outcome of the review.

## Gas Transmission update

### **Bridge Commitments**

The [Bridge Commitments](#) are a series of commitments made by the majority of shippers and aimed at addressing concerns about competition on the North Pipeline in the shorter-term, while longer-term solutions are developed. They have been in place since August 2011.

In the past three months one capacity offer was listed on the Gas Transmission Exchange (GTX). Gas Industry Co understands that this offer was not taken up, as the successful retailer had sufficient reserved capacity in its portfolio to accommodate the customer's demand.

In addition, eight other ToU customers on the North pipeline switched retailers in the period without requesting a capacity offer.

Gas Industry Co understands that firm capacity on the North pipeline has not been fully allocated for the gas year commencing 1 October 2013.

Together, these factors suggest that there is not a shortage of commercial capacity on the North Pipeline at present and that capacity issues are not impeding customer switching and competition.

### **GTIP**

Gas industry stakeholders generally agree that good progress has been made so far under the Gas Transmission Investment Programme (GTIP), but have differing views and where it should go from here.

This is evident from an analysis of submissions on the Panel of Expert Advisers' (PEA) *Second Advice Report*, and the Company's associated *Gas Transmission Investment Programme Update* Significant points arising from the [Analysis of Submissions on July 2013 GTIP Update and PEA Advice to GIC](#) include:

- there is generally good industry support for progress under the GTIP to date.
- there is a range of views on the PEA's problem definition, but general support for continuing to develop the access Codes through a process of 'evolutionary convergence'.
- while Gas Industry Co agrees with views that the current absence of constraints on the North Pipeline system (excluding Northland) provides some leeway, it firmly supports the PEA's assessment that the industry should not wait until a future constraint arises before implementing measures to allocate and price scarce capacity. Consequently, a number of measures to improve current transmission access and pricing arrangements need to be considered now.
- Gas Industry Co shares with the PEA a preference for the industry to develop its own response and for changes to be implemented through an industry initiative.

The Analysis of Submissions also sets out Gas Industry Co's proposed path forward, which largely endorses the PEA's recommendations. In particular, Gas Industry Co agrees that it should invite transmission code signatories to adopt and operationalise the guiding principles developed by the PEA.

As Gas Industry Co believes that Transmission System Owners (TSOs) are best placed to co-ordinate an industry response to the PEA's proposals and to propose code changes, it has written to them to confirm that they, with support from code signatories and other interested stakeholders, will progress these matters consistent with the PEA's principles and recommendations. This letter can be found [here](#).

Gas Industry Co will follow industry initiatives closely. At the same time, Gas Industry Co will continue the Transmission Access and Capacity Pricing Project through its Gas Act policy development process, identifying and consulting on options, including the preparation of an improvement options paper. Subject to progress made by the industry itself, this work could lead to a Statement of Proposal that may include regulated terms and conditions of access.

The PEA's [Second Advice Report](#) arises from the GTIP's Transmission Access and Pricing Project, while Gas Industry Co's [GTIP Status and Development Update](#), comments on the PEA report and summarises progress with broader GTIP activity.

## Allocation Agent appointment

Gas Industry Co has reached an agreement with EMS (Energy Market Services, a business unit of Transpower NZ Limited) for it to take up the appointment as the Allocation Agent under the Gas (Downstream Reconciliation) Rules 2008 (Reconciliation Rules).

The agreement was reached after a competitive tender process following the completion of the initial five-year contract period since the Reconciliation Rules came into effect in 2008. The role has been performed by NZX since June 2009, when it purchased the business of the inaugural Allocation Agent, M-Co Limited.

There was a high calibre of candidates for the Allocation Agent role and a panel of industry participants assisted in the evaluation of candidates' proposals. The tender process led to savings for industry participants of close to 25 percent on the original contract price.

The Reconciliation Rules enable the fair, efficient, and reliable allocation and reconciliation of gas quantities, where gas enters local distribution networks from the transmission system and is transported on behalf of retailers who have customers connected to those networks.

The Allocation Agent hosts, operates and maintains the allocation system and the allocation website. A central feature of the role is appropriately attributing volumes to relevant retailers, and calculating and attributing volume differences in the form of unaccounted-for gas.

The new Allocation Agent contract has an initial term of five years, which will commence following a period of transition from NZX to EMS, expected to run until the end of 2013. This is designed to ensure an orderly transition to the new service provider.

## Reconciliation Rules determinations

Gas Industry Co has published an update notice covering a range of determinations required by the Reconciliations Rules. They are:

- non-business days additional to weekends and national public holidays
- groups of gas gates under the definition of gas gate
- the required accuracy of consumption information for initial allocation

- the global 1-month criteria
- the list of direct connect gas gates
- the list of unmetered and oversized metered gas gates

The Notice of Determinations, dated 30 September 2013, can be found [here](#).

The accuracy threshold for initial consumption information for the gas year beginning 1 October 2013 has been maintained – for the fourth consecutive year – at  $\pm 10$  percent. The four submissions received on the [Consultation Paper](#) on this Rule 37 Determination supported this outcome.

## Gas Quality update

Gas Industry Co has held Gas Quality workshops in Wellington and Auckland seeking industry feedback on a gas retailer-developed proposal for a quality compliance protocol.

The protocol was developed by a Steering Group of gas retailers and identifies information that will assist gas retailers to comply with the Gas (Safety and Measurement) Regulations 2010 and the Reconciliation Rules, and support anyone who seeks assurance that the Regulations and/or the Rules are being complied with.

The September workshops were well attended, and produced valuable feedback. Initial post-workshop observations of the Steering Group discussions are that more work needs to be done to refine the scope of the Protocol and how it can become a 'living document', with an 'owner' and associated governance arrangements.

Following the workshops, Gas Industry Co invited further comment from the industry before deciding the next steps in conjunction with the Retailer Steering Group. While continuing to be an industry-based initiative, Gas Industry Co will continue to work with the Steering Group to achieve a positive outcome.

In its [Gas Governance Issues in Quality: Investigation Update](#) paper in August 2012, Gas Industry Co reported that the Company's investigations gave no reason to doubt that gas quality is being managed by parties in the physical supply chain in a rigorous and professional manner. However, it also noted that a gas quality incident has the potential to cause serious economic and reputational harm and, coupled with the 'common pool' features of gas pipelines, this puts a particularly heavy onus on the industry to ensure a high degree of transparency.

## Wholesale gas trading

As reported in our last Quarterly Report the development of two private wholesale gas market trading platforms was a significant milestone for the industry, and this quarter has seen the first trades.

The two initiatives to facilitate short-term gas trading have been developed by [emTrade](#) (operated by Transpower) and the [New Zealand Gas Market](#) (operated by NZX). These platforms have the potential to fulfil Government policy objectives for facilitating and promoting gas supply through access to competitive market arrangements, and in particular the 2008 Government Policy Statement of Gas Governance (GPS) call for 'efficient arrangements for the short-term trading of gas'.

It is hoped that they will lower barriers to trading by reducing search and transaction costs, and therefore encourage more gas trading activity.

Gas Industry Co is not associated with the two commercially-driven initiatives, but has an oversight role, including reviewing transmission system interconnection agreements relating to the operation of wholesale markets. The Company also has a strategic role to facilitate information and understanding of the industry and its workings.

Gas trading on a centralised platform is a new concept for the New Zealand gas market and, historically, trades have been bespoke transactions between known counterparties, with little transparency or liquidity in the wholesale gas market.

To coincide with the commencement of the two new trading platforms Gas Industry Co commissioned a US-based energy trading expert, Beverly Beaty, to produce an insight into wholesale gas trading. Her paper, [Essentials of Efficient Natural Gas Trading in New Zealand](#), provides an overview of how gas markets operate and the considerations that gas traders should keep in mind when trading.

The paper was commissioned for the benefit of parties who would like to be more active in gas trading, but who may lack direct experience with trading on a centralised platform. As well as providing an overview of how gas markets operate and what traders should think about, the paper discusses the features of emTrade and the New Zealand Gas Market.

## Transmission code changes

### Final Recommendation: 27 November 2012 VTC Appeal – Vector

Gas Industry Co has issued its [Final Recommendation](#) supporting a Vector Transmission Code (VTC) change request appeal relating to balancing processes, peaking charges and disputed invoices.

The decision on the 27 November VTC Change Request Appeal, which confirms Gas Industry Co's [Draft Recommendation](#), had been deferred while discussions took place between Vector and Non-Code Shippers on supplementary agreement changes. However, subsequent advice from Vector - that existing provisions of the Non-Code Shipper contracts provide for the recovery of balancing and peaking costs from Non-Code shippers in a manner consistent with that proposed for Code Shippers - gave Gas Industry Co, as the appeals body under the VTC, confidence to issue its Final Recommendation. This, in turn, was reached following consideration of submissions on both the Change Request and the Draft Determination.

The changes, proposed by Vector, arise from previously-supported balancing-related changes to the Maui Pipeline Operating Code (MPOC). Because balancing charges on the Maui pipeline can result in those being passed on to shippers on Vector's transmission system, the changes to the VTC are seen as necessary to align the two codes, once the MPOC changes are implemented. Of the changes proposed by Vector, two were designed to accommodate the MPOC changes for back-to-back balancing and for peaking charges. These were generally supported by Shippers. A third proposed change, limiting the ability of Shippers to dispute balancing invoices issued by Vector, drew unanimous opposition.

The Final Recommendation opens the way for changes to introduce back-to-back balancing to proceed. It is now in the hands of Maui Development Limited (MDL) and Vector to take the necessary steps to implement their respective changes.

In its Final Determination, Gas Industry Co acknowledges Shipper opposition to the third part of the Change Request, and the strength of Shippers' concern over the diminution of their right to dispute balancing invoices. However, Gas Industry Co assessed that this reduction would be limited in practice, and was outweighed by the overall benefits of introducing back-to-back balancing. Since the appeals body role requires the Company to reach an overall conclusion, the Final Recommendation is in support of the proposed change.

The appeal has raised issues that are beyond the scope of Gas Industry Co's VTC appeals body role, but within its broader role as the industry body under the Gas Act. These include changes that require co-ordinated modifications to both the MPOC and VTC, the bundling of 'good' and 'bad' changes into a single change appeal - in this case Vector's choice to bundle two relatively non-contentious changes with one highly contentious change - and the overall costs of balancing. These matters are discussed further in a [Note Accompanying the Final Recommendation](#).



## Draft Recommendation: 31 May 2013 VTC Appeal – Contact Energy

In a [Draft Recommendation](#), Gas Industry Co has concluded that Vector demonstrated a reasonable ground for withholding consent to a VTC Change Request proposed by Contact Energy. Contact proposed that Change Requests must relate to a single issue, or related series of issues. Vector did not consent to the change, and Contact appealed to Gas Industry Co, as the appeals body under the VTC, to have its Change Request allowed.

The appeal cites two grounds – section 25.6(a) of the VTC which provides for appeal by a Shipper who considers that Vector has invalidly withheld consent; and section 25.6(c) which provides for appeal by a Shipper who did consent, where the relevant change was not made. Gas Industry Co decided that it would assess the first ground of appeal before determining whether to address the second.

Having found against Contact in its Draft Recommendation on the first ground, Gas Industry Co considers it inappropriate to develop a recommendation on the second ground of appeal unless, or until, it receives clarification that it can properly do so under the VTC by way of agreement among the parties. Submissions on the Draft Determination are being analysed and a decision on the next steps is expected in the next quarter.

## 2013 Annual Report tabled

Gas Industry Co's 2013 Annual Report has been tabled in Parliament and is published [here](#).

The Report recounts a busy year as the Company reached significant milestones with a number of priority workstreams. These included its work with industry stakeholders to improve critical contingency management arrangements, reviews of the Downstream Reconciliation Rules, the Gas Processing Information Disclosure regime and processes for managing a retailer insolvency, and the commencement of an oversight scheme for gas distributors' contract arrangements with retailers.

## Industry Consultation on FY2015-17 Statement of Intent

Gas Industry Co has continued this momentum into the 2013/14 year and is currently developing its strategies and related work programmes for the next planning cycle. The Company will continue to work closely with industry stakeholders in this process, commencing with the annual Co-Regulatory Forum planned for 28 November.

## Coming up....

November	December
13 <sup>th</sup> GIC meeting with Singapore Energy Market Authority delegation	New Allocation Agent contract to take effect
21 <sup>st</sup> Annual Meeting	
27 <sup>th</sup> Insolvent Retailers Working Group meeting	
28 <sup>th</sup> Gas Industry Co annual Co-Regulatory Forum	
Retail Contracts Scheme SoP	
VTC Appeal (31 May – single issue) Final Recommendation	

# Performance Measures Quarterly Report for the period ending 30 September 2013

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## 1 Summary

This Report provides an update on the performance measures that Gas Industry Co monitors on a regular basis. The purpose of these measures is to track the performance of the Gas (Switching Arrangements) Rules 2008 (the Switching Rules), the Gas (Downstream Reconciliation) Rules 2009 (the Reconciliation Rules), and the Gas Governance (Critical Contingency Management) Regulations 2008 (CCM Regulations), both in terms of activity related to these statutes and the competitive outcomes that they foster. The Report also tracks transmission balancing actions, as a means of informing Gas Industry Co's work on this issue. .

Highlights of the Report:

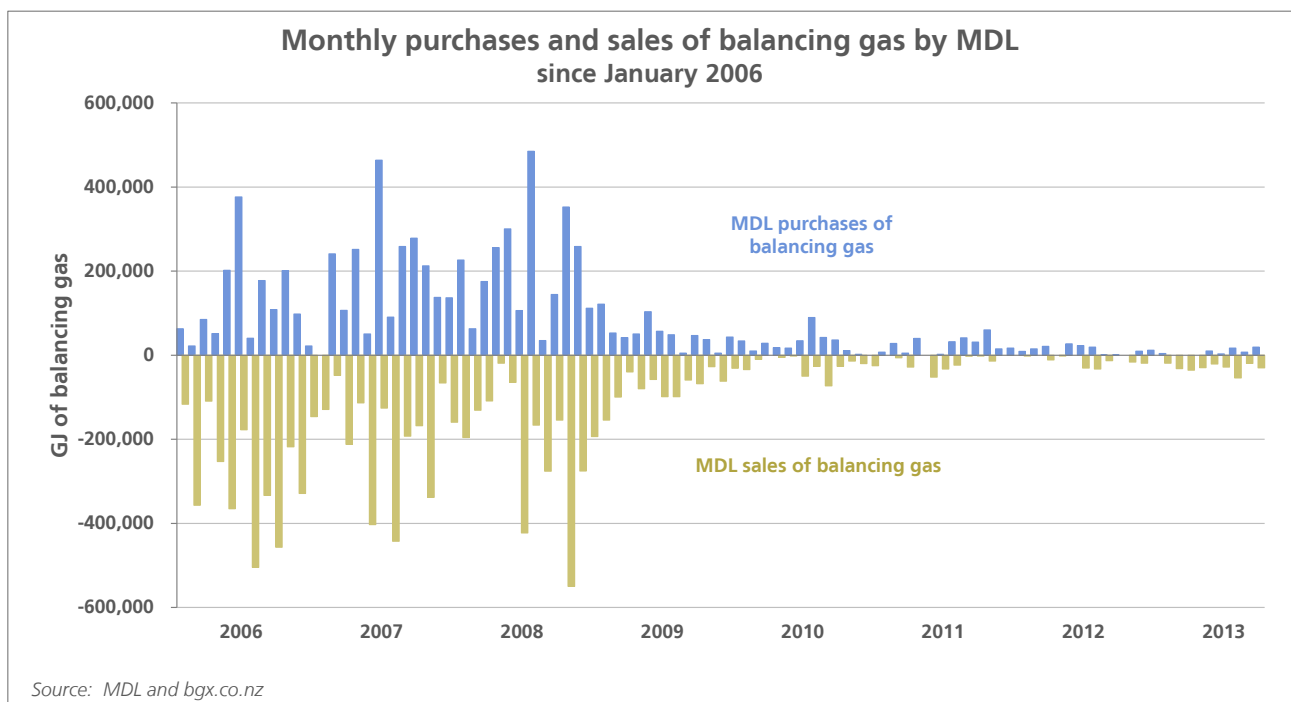
- On average, there are about 3,600 switches per month. Due to the recent upturn in switching levels, the annual churn rate is now about 16%, up from the 15% level of the previous year. Customer switching in Taranaki and Wanganui has been higher than the national average.
- The average switching time is about 5.5 business days, in contrast to the weeks or months that switching used to take prior to the inception of the switching registry.
- Unaccounted for gas (UFG) volumes have been relatively low for the past two months, as is usual for the time of year – UFG tends to be lower in spring and summer, compared to winter months. As expected, the amount of UFG recorded for the winter months has decreased with the interim allocation runs of May and June 2013. The average annual amount of UFG is about 1.3%.
- Despite the numbers of customers switching retailers, there have been no major movements in customer market share over recent months.
- The Herfindahl–Hirschman Index (HHI) is a way of measuring market concentration by using size and number of competing firms. In all regions of the North Island, HHI has decreased in the past four years, reflecting the activities of new retailers entering the market and smaller retailers increasing their market share.
- In terms of market share by gas volumes, Nova and OnGas are the largest retailers, reflecting their focus on the industrial and commercial sectors of the gas market (although Nova also has a presence in the mass market segment).

- Over 95%, of gas consumers are connected to a gate where at least six retailers trade, demonstrating that gas retailers generally are competitive throughout the North Island.

## 2 Balancing gas volumes

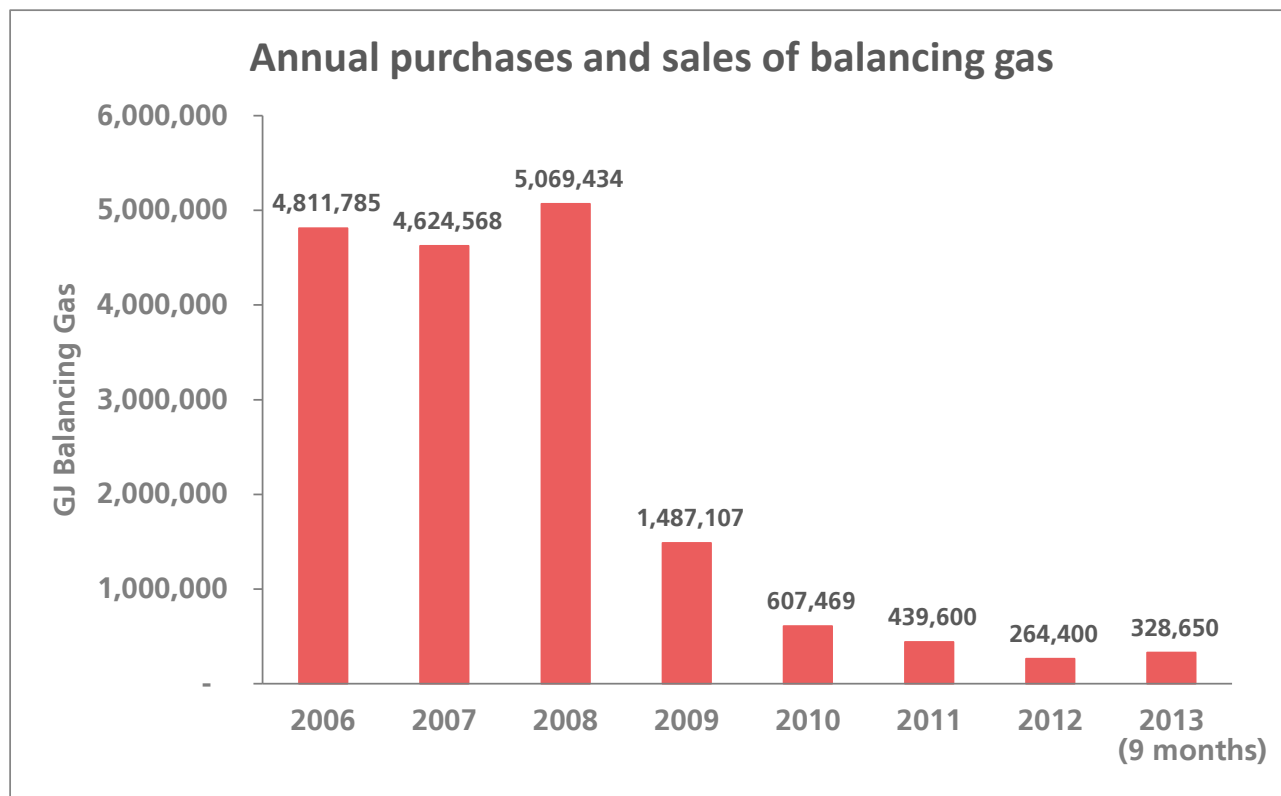
The volume of gas in a pipeline relates to the gas pressure in the pipeline and needs to be maintained below the safe operating pressure limit for the pipeline and above the minimum required to maintain the supply of gas to consumers. On the Maui pipeline, pressures will rise or fall as parties who inject gas into the pipeline over- or under-inject and as parties who receive gas from the pipeline under- or over-take relative to their respective scheduled volumes. When a transmission owner, or operator, manages the gas inventory in a pipeline, it is referred to as *secondary* or *residual balancing*. MDL buys and sells balancing gas in order to manage gas volumes and thus maintain gas pressure within safety and operational limits.

Prior to 2008, secondary balancing services were essentially free to holders of legacy Maui gas contracts, but changes implemented at the end of 2008 to the Maui Pipeline Operating Code, together with the arrangements in the Vector Transmission Code, mean that the costs associated with secondary balancing are generally recovered from pipeline users. In 2009, MDL instituted the Balancing Gas Exchange, an online platform that displays pipeline balance conditions and enables parties physically interconnected to the Maui pipeline to post offers to buy and sell balancing gas. These two changes appear to have provided gas transmission customers with an incentive to self-balance and greater information on which to base their balancing decisions.



The outcome is the significantly reduced volumes of gas needed to be purchased or sold by MDL to balance the Maui pipeline, as can be seen in the chart above.

The chart below summarises balancing gas transactions (both purchases and sales) by calendar year.



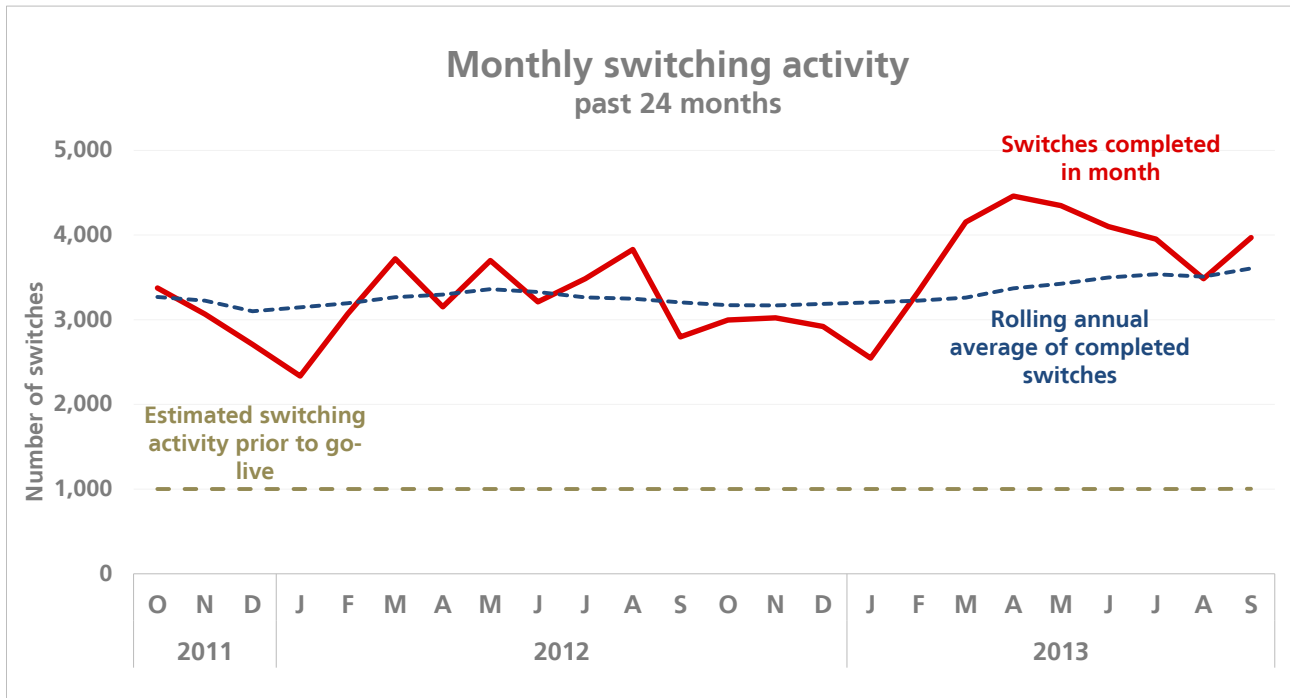
In 2013, overall balancing gas volumes have increased relative to recent years. The Maui pipeline has experienced larger than usual volumes of negative UFG this year, which has required MDL to sell (put) more gas than usual to manage linepack levels. MDL has advised that such temporary trends in UFG can be caused by small variances in accuracy in the receipt and delivery meters even though they remain within specification. MDL monitors the level of UFG on the Maui pipeline and requires that meters be checked regularly. The average UFG volume does not exceed 0.5% of total gas volumes.

### 3 Switching performance measures

#### Monthly switching activity

On average, there are about 3600 switches per month. Due to the recent upturn in switching levels, the annual churn rate is now about 16%, up from the 15% level of the previous year. As a comparison, the annual churn rate for electricity is about 19%.

Prior to the gas registry going live in March 2009, approximately 1,000 switches were processed on a monthly basis, and the annual churn rate was approximately 4.8%.



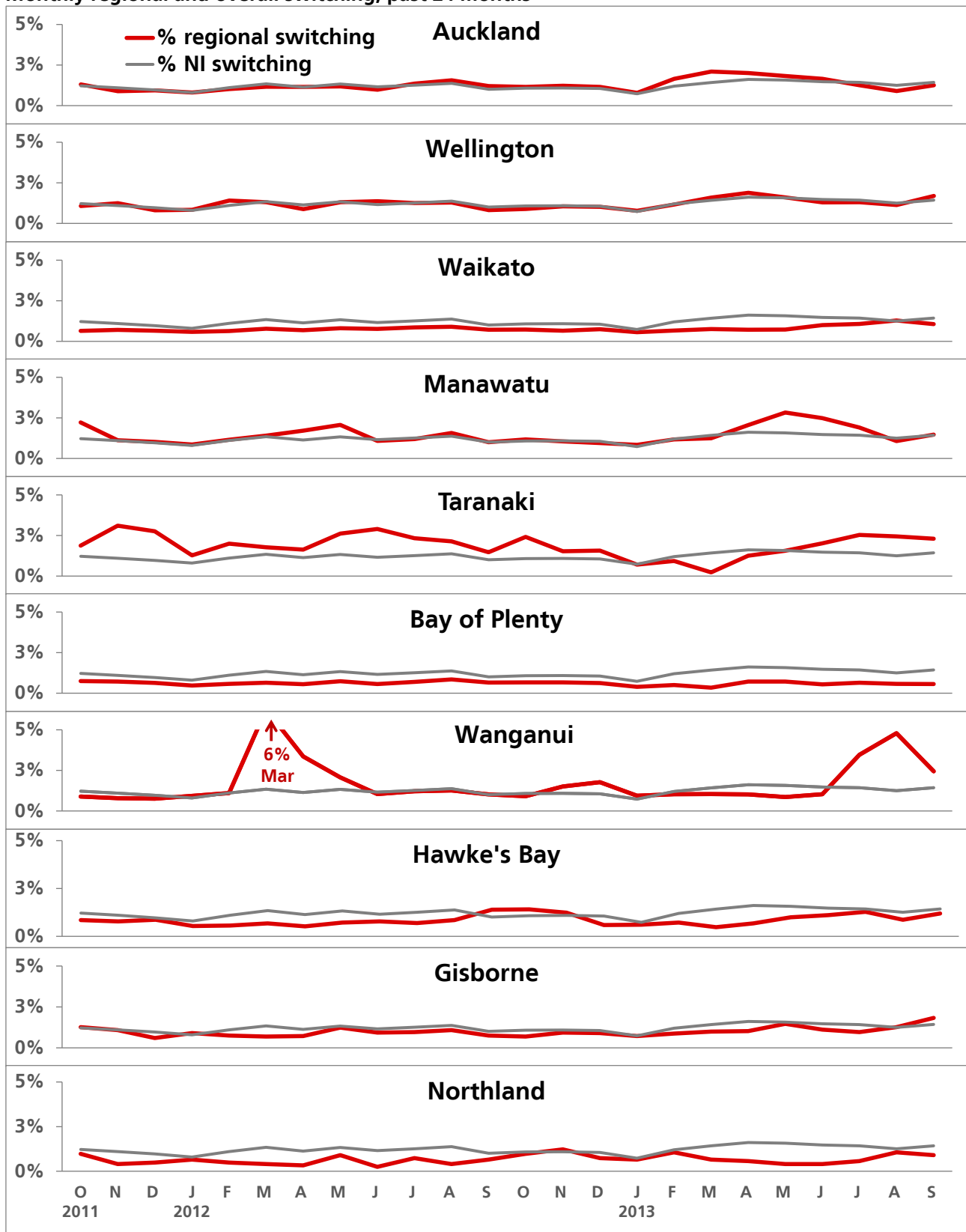
### Regional switching activity

The charts below compare regional switching rates with total switching rates. The grey line is the same in all the charts below and shows number of switches (both move switches and standard switches) in a month as a percentage of active-contracted and active-vacant ICPS across all North Island gas consumers. As that line shows, monthly switching varies between about 0.7% and 1.6% per month.

The red line in each chart shows the number of switches in that region as a percentage of ICPS in that region. As might be expected, Auckland and Wellington switching rates tend to be similar to the North Island rates. Differences emerge in the smaller regions, though: in the past 24 months, for example, switching in Taranaki has generally tended to be higher than the average, while switching in Bay of Plenty, Hawke’s Bay, and Northland has tended to be lower. The short-term spikes in switching rates in Wanganui appear to be due to targeted retailer marketing campaigns.

Note that the figures in the chart below do not include transfers of Auckland Gas and Bay of Plenty Energy customers to Nova.

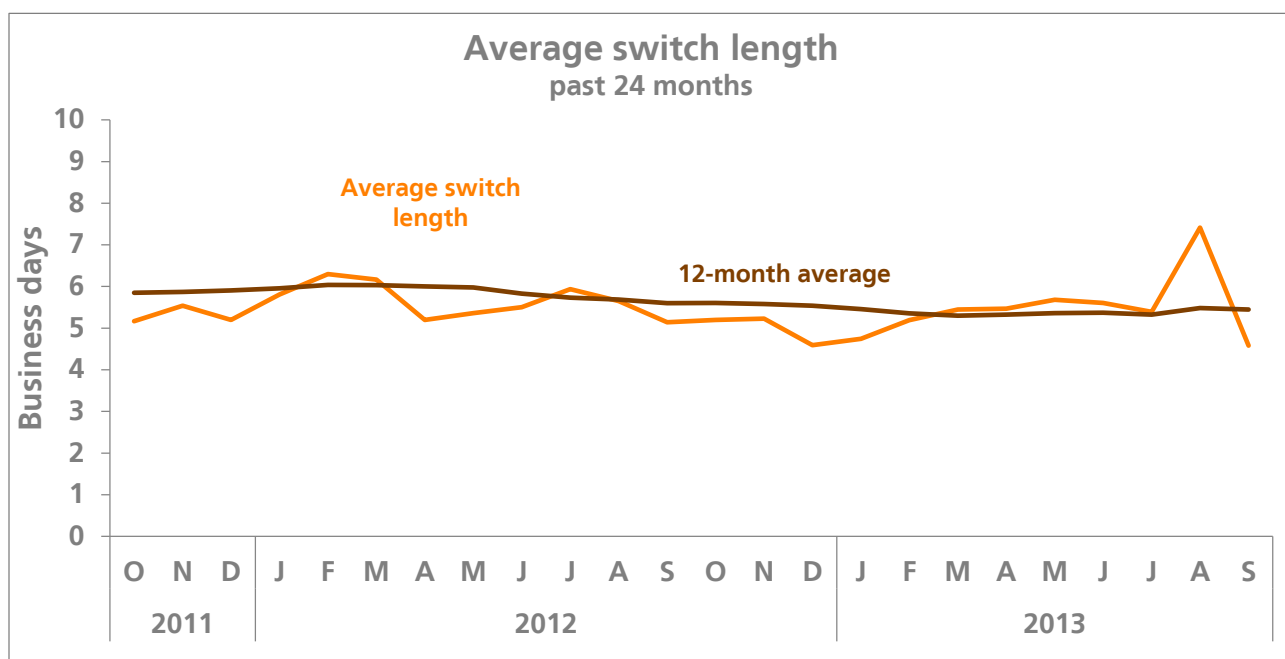
Monthly regional and overall switching, past 24 months



## Time to process switches

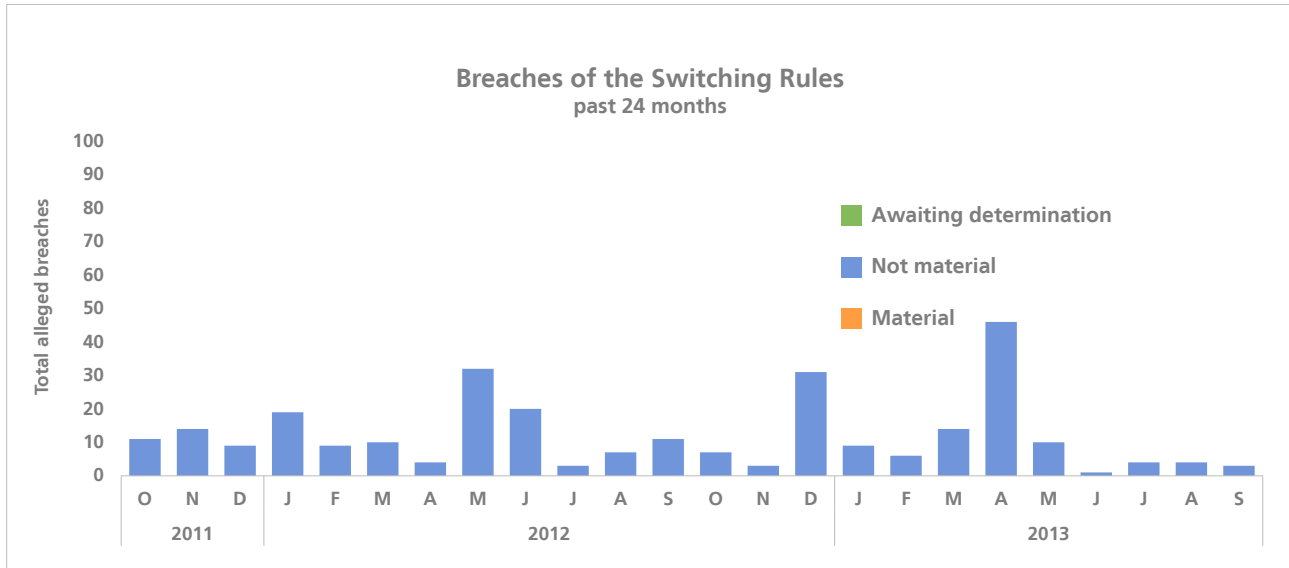
The chart below shows the average length of time it has taken to process the switch requests that have been received in a month. The twelve-month rolling average switching time now stands at about 5.5 business days, in contrast to the weeks or months that switching used to take prior to the inception of the switching registry.

The spike in switching time shown in August appears to be related to the implementation of Part 10 of the Electricity Industry Participation Code, which required changes to electricity participants' systems and entailed a suspension of the electricity registry. It is likely that the resulting delay in processing electricity switches had a follow-on effect in processing gas switches for dual fuel retailers in that month.



## Number and severity of breaches of the Switching Rules

In the first year after the inception of the Switching Rules, there were about 450 switching breaches alleged per month. In the past quarter, there have been a total of 11 breaches alleged. None of the switching breaches alleged in the past two years have been determined to be material by the market administrator.





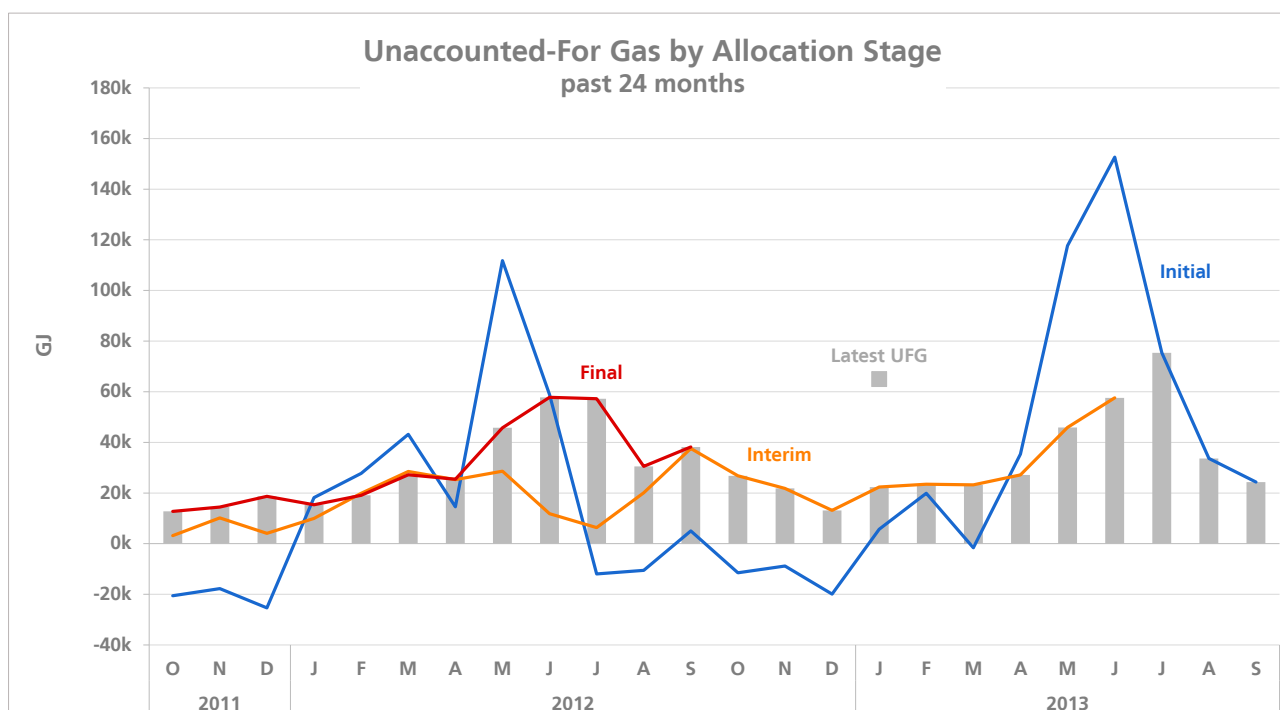
## 4 Allocation and reconciliation performance measures

### Volumes of Unaccounted-for Gas

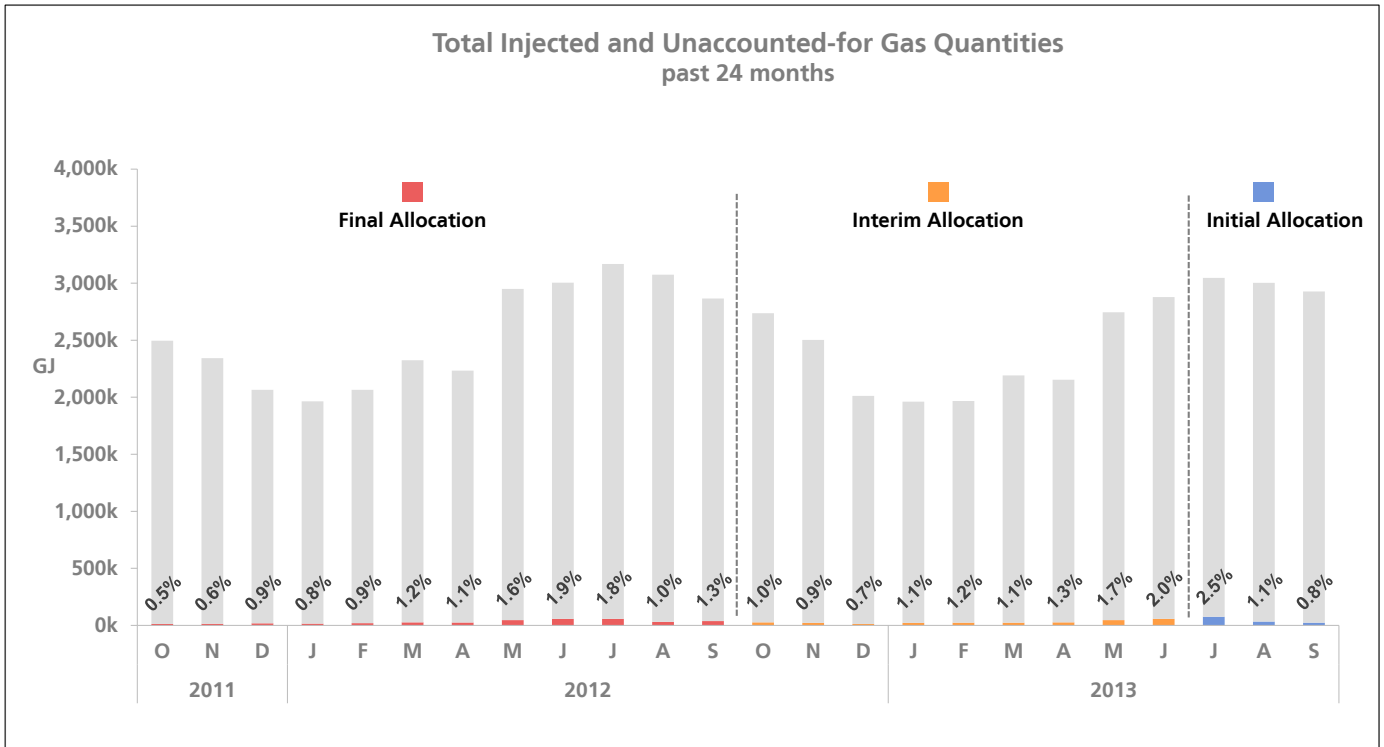
Under the Reconciliation Rules, the amounts of gas that retailers estimate their customers have used are subtracted from the amounts of gas leaving the transmission system. The difference is UFG, which arises from technical losses on the system, metering inaccuracies, and retailer estimation errors. UFG imposes a cost on the market: it is gas that retailers are allocated and must pay for, but cannot sell. Tracking UFG is a way of monitoring these costs and the efficiency of the retail market. This transparency should assist the industry to take steps to reduce UFG where it is efficient to do so.

The chart below compares total UFG quantities by consumption month and allocation stage (initial, interim or final). The grey bars show UFG based on the most recent data available.

Changes in UFG from one allocation stage to another are largely due to mass market retailers' consumption submissions becoming more accurate at later allocation stages. UFG tends to be most extreme at the initial allocation stage: in summer, UFG tends to be negative due to retailers' overestimations of customer consumption; and in winter, UFG tends to be positive due to retailers underestimating consumption. Generally, UFG volumes diminish considerably from the initial to the interim allocation stages. The final allocation stage reflects further minor adjustments to retailers' data, which can result in slightly more or less UFG, as shown by the orange and red lines in the chart below.

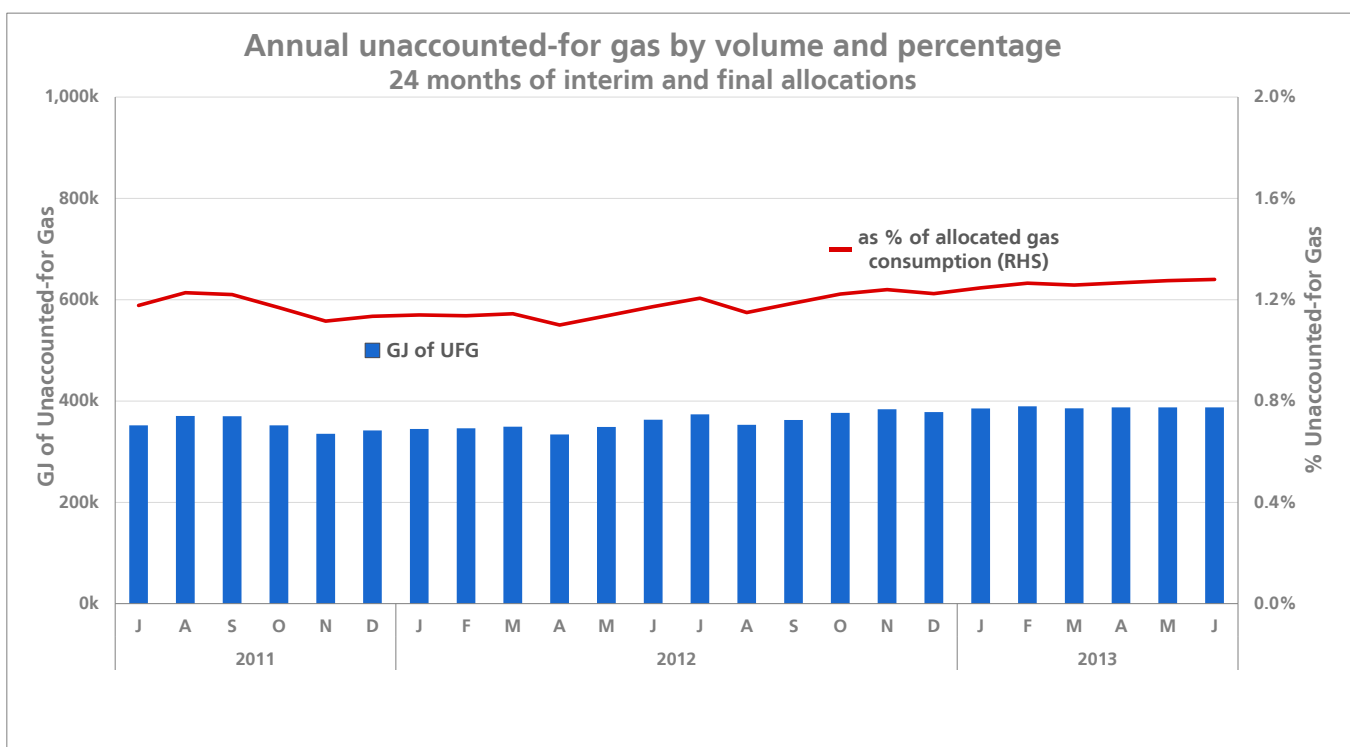


The chart below shows the amount of unaccounted-for gas in comparison to the total amount of allocated gas consumed each month. The grey bars show gas consumption at allocated gas gates, while the coloured bars show UFG volumes, by allocation stage. The labels show the percent of UFG as a proportion of total allocated gas.



Another way to think about UFG is the amount recorded over a 12-month period. The chart below shows rolling 12-month UFG figures, both as a GJ total and as a percentage of gas consumed. As initial data are often inaccurate, the chart includes only consumption months for which interim or final data are available. The figures in the chart are based on the best data available at the time of publication, so, for example, the June 2013 total is based on nine interim results and three final results, while the September 2012 total is based on twelve final allocation runs.

For the first year after the Reconciliation Rules came into effect, annual UFG was about 2%. Average UFG now stands at about 1.3%.

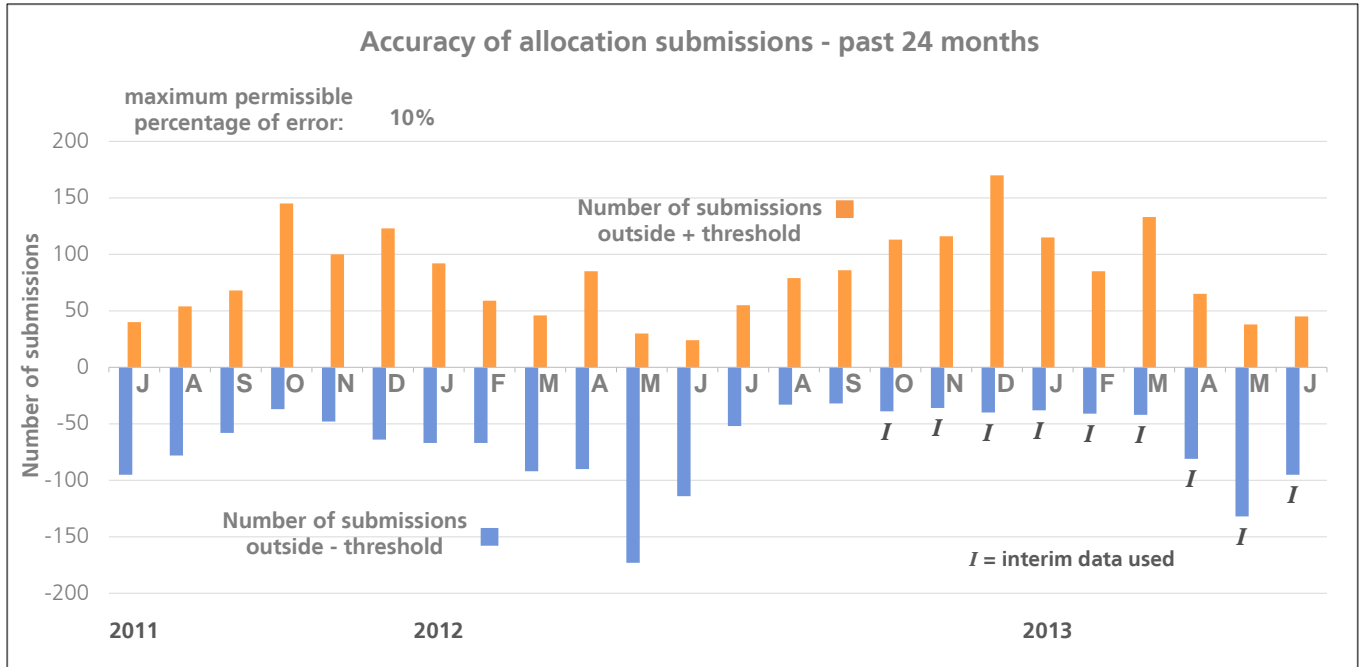


### Accuracy of submission data

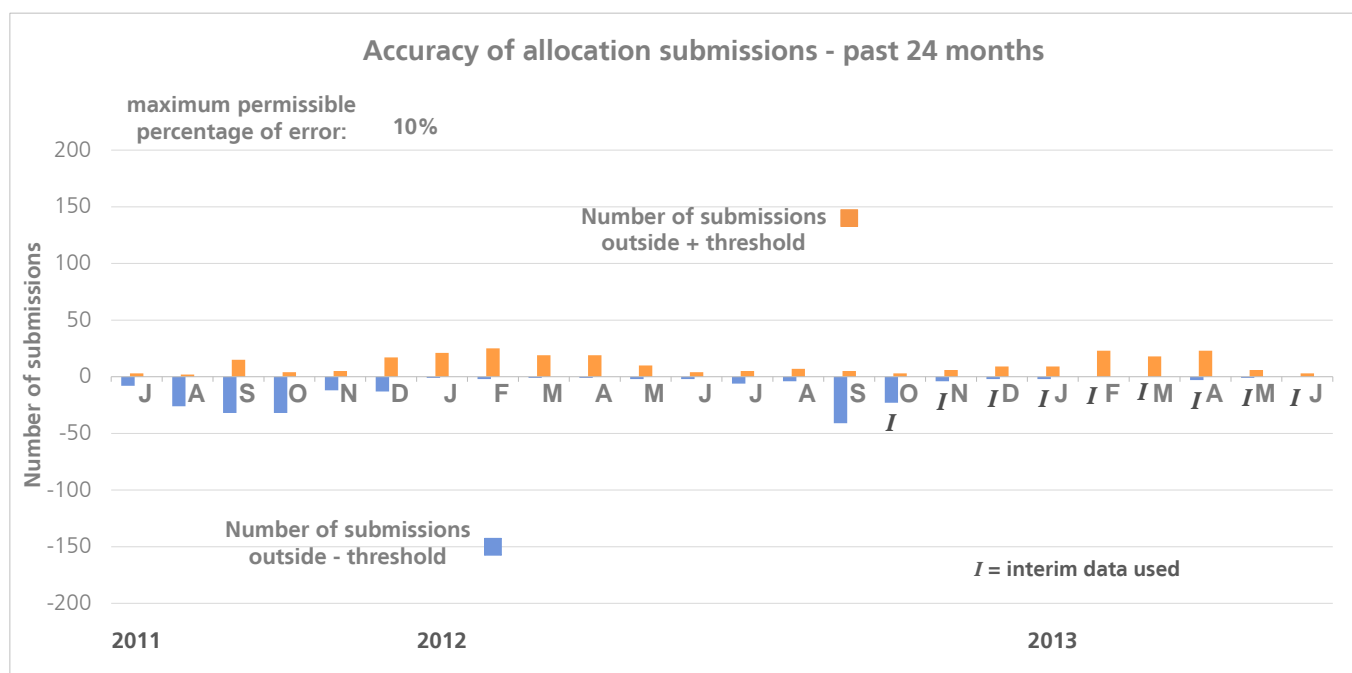
The accuracy of initial submissions is important, as balancing and peaking charges on the Vector transmission system are levied on the basis of initial allocation results and are not subsequently washed up. This means that the UFG created through inaccurate initial consumption submissions falls onto other retailers at the affected gate, affecting their exposure to balancing costs. To limit the impact of this effect, the Reconciliation Rules require that initial consumption submissions are within a specified percentage of the final (and most accurate) consumption submissions.

The chart below shows the number of retailer submissions that were outside the maximum permissible error threshold in the last 24 months for which data are available. For this analysis, final submissions were compared to initial allocation submissions for the months they were available (July 2011 - September 2012). Other months use interim submissions (in place of final) for the comparison data and are marked with 'I'. The percentage of error used to measure accuracy is 10%.

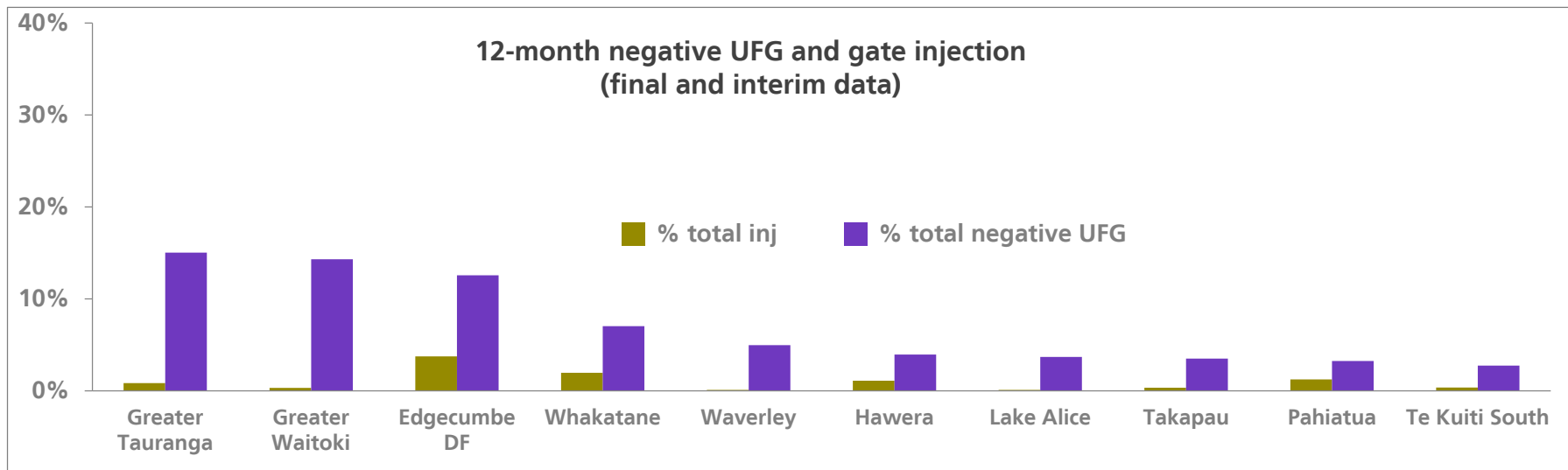
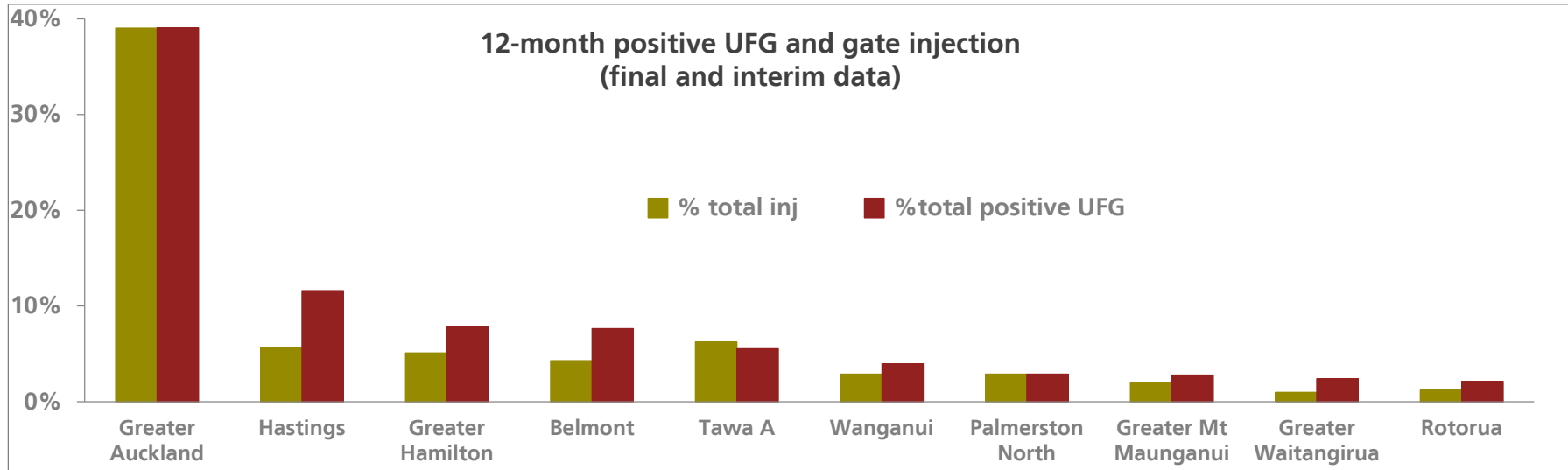
There is a pattern of retailers over-submitting in October through January (shown by the orange bars), which corresponds with the negative UFG seen at the initial allocation stage in the preceding charts. Retailers tend to under-submit in the months of April through June (as seen in the blue bars), which corresponds with the high levels of UFG experienced in those months.



The market administrator uses a volume threshold of 200 GJ as a means of differentiating those breaches that are likely to have had a materially adverse effect on other market participants. The chart below shows the number of accuracy breaches that involve gas quantities larger than 200 GJ. As a comparison of the two charts illustrates, there is a significant proportion of accuracy breaches that have involved less than 200 GJ. Deeming these breaches not material allows industry participants to focus on addressing the harm caused by larger volume estimation errors.



South, and Waverly – have been determined to be global one-month gates, since, among other things, they have a high proportion of industrial load. The global one-month methodology will commence with the new gas year in October 2013.



## **Audits commissioned**

### **Event audits**

There have been no incidents requiring that event audits be commissioned in the past quarter.

### **Performance audits**

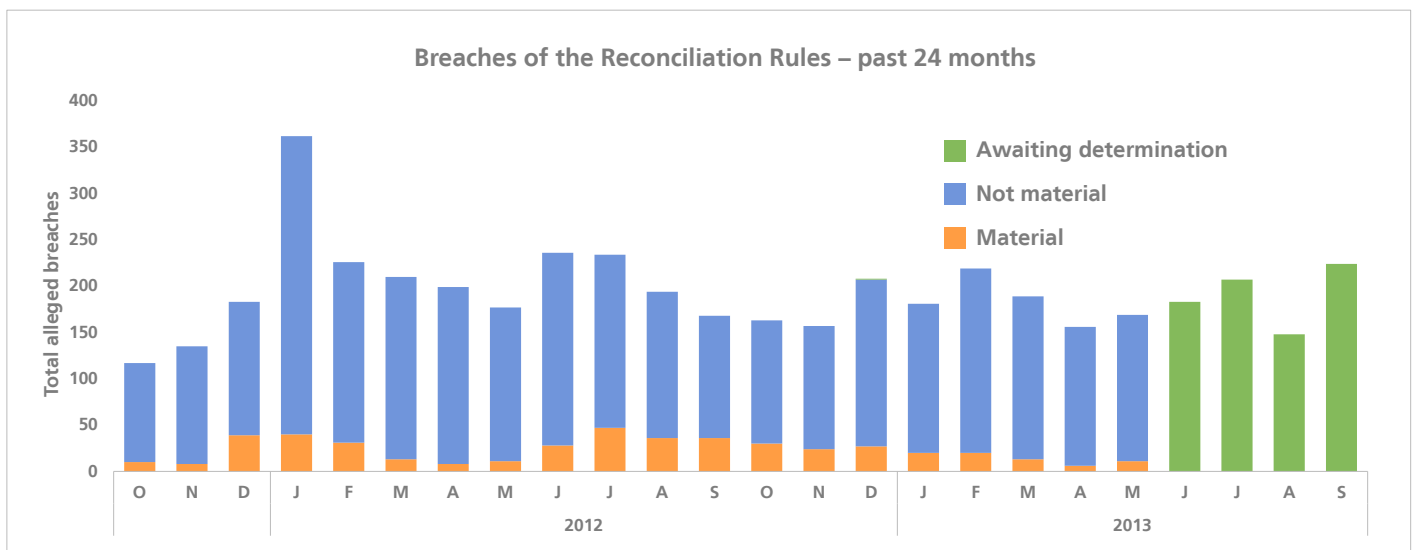
There have been no performance audits commissioned this quarter. However, Gas Industry Co is commencing a programme of performance audits that will cover all allocation participants over the next year.



## Number and severity of breaches of the Reconciliation Rules

Since the Reconciliation Rules were changed as of June this year, alleged breaches of the Reconciliation Rules have only occurred in relation to rule 37 – the rule that requires initial consumption information submitted by retailers to be within a percentage of accuracy of the consumption information submitted for the final allocation.

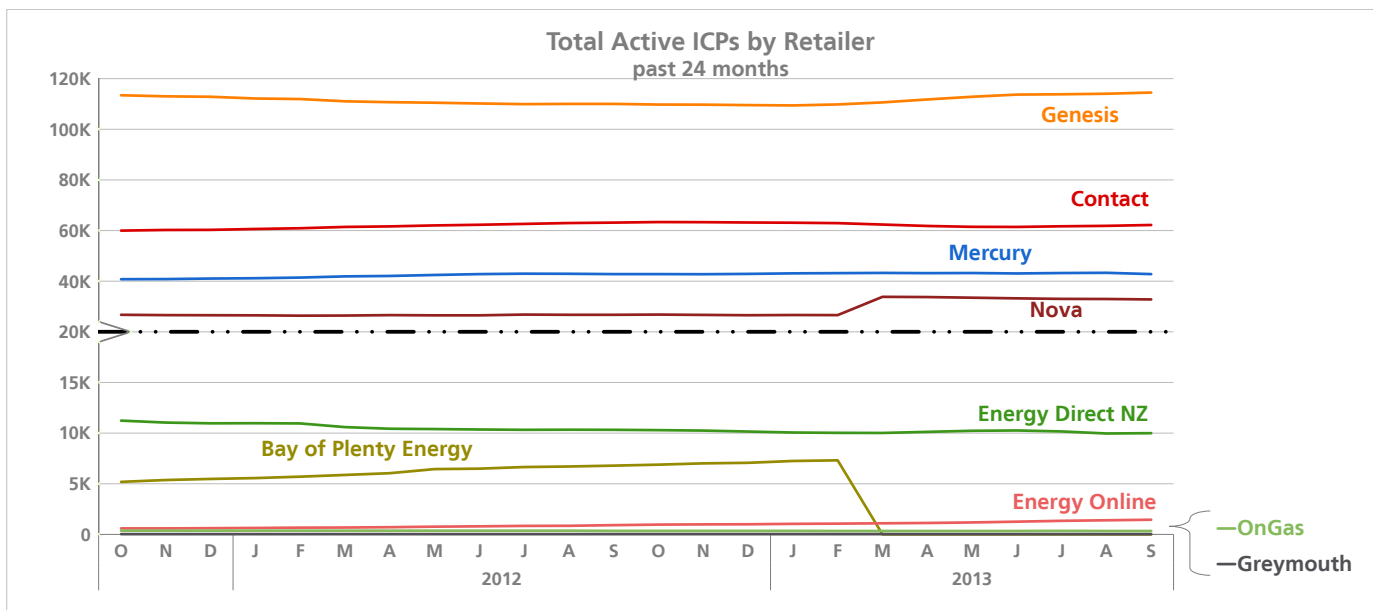
It has proven efficient for the market investigator to attempt to reach settlements in yearly batches of rule 37 breaches. The previous batch, encompassing material breaches alleged from June 2012 to May 2013, was settled in August.



## 5 Market competition performance measures

### Market share of ICPs by retailer

In March, Nova transferred all of its ICPs under the Bay of Plenty Energy brand to its Nova brand. As of 1 July, TrustPower acquired Energy Direct's customers, although the Energy Direct retailer brand continues. There are now eight different gas retail brands in the market. There have been no major movements in market share among the other retailers.



Note that all three of the ICP share charts above include data from ICPs on open-access distribution networks only.

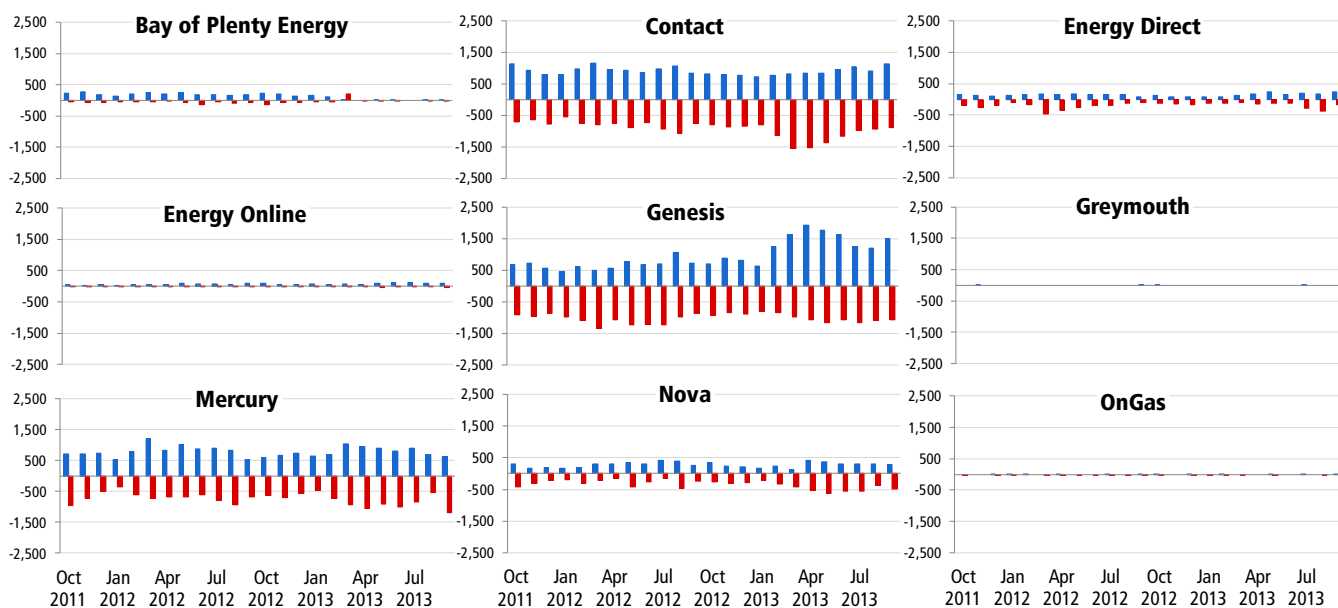
### Switching activity by retailer

This chart shows the numbers of ICPs gained and lost by retailers over the past two years. The blue bars show the number of customers gained by the retailer each month, and the red bars show the numbers of customers lost.

As shown by these charts, although the net changes in number of customer ICPs may not change significantly from month to month for some retailers, there is a lot of underlying switching activity, particularly for the mass market retailers Contact, Genesis, and Mercury.

Note that the figures in the chart below do not include transfers of Auckland Gas and Bay of Plenty Energy customers to Nova.

## Switching activity by retailer



 Customers gained

 Customers lost

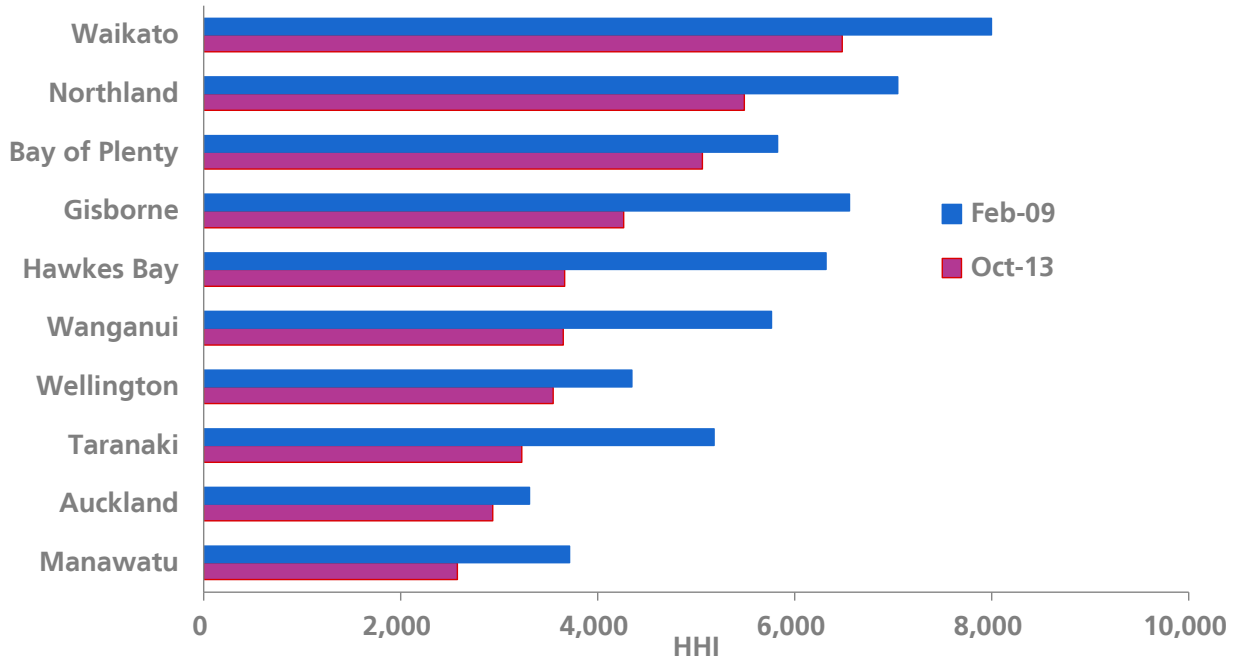
## Herfindahl–Hirschman Index

The Herfindahl–Hirschman Index (HHI) is one way of measuring market concentration by using size and number of competing firms. The index ranges from 0 to 10,000. A low score indicates a low level of market concentration, which arises when there is a large number of small firms in the market, each with a small proportion of market share. Conversely, an HHI score of 10,000 represents a market with a single retailer. The measure is used because market concentration is often inversely related to market competition; that is, the more retailers there are, and the more that market share is spread among them, the greater the competition for customers is thought to be.

The chart below shows the HHI of the retail gas market as at the time the registry went live, in February 2009, and as of 1 October 2013. In all regions, the HHI has decreased, indicating that the retail gas markets in these regions have become less concentrated.

Until 1992, when the new Gas Act disestablished local exclusive franchise areas, gas retailing occurred through local vertically-integrated monopolies. With the consequent onset of retail competition, and as in the electricity sector, these former monopoly providers became 'incumbents', subject to competing retailers vying for customers in their areas. In most regions, there is still a dominant retailer, but the decrease in HHI shows that they have become less dominant in the past four years. With the introduction of the Switching Rules, new retailers have entered the market and smaller retailers have increased their market share.

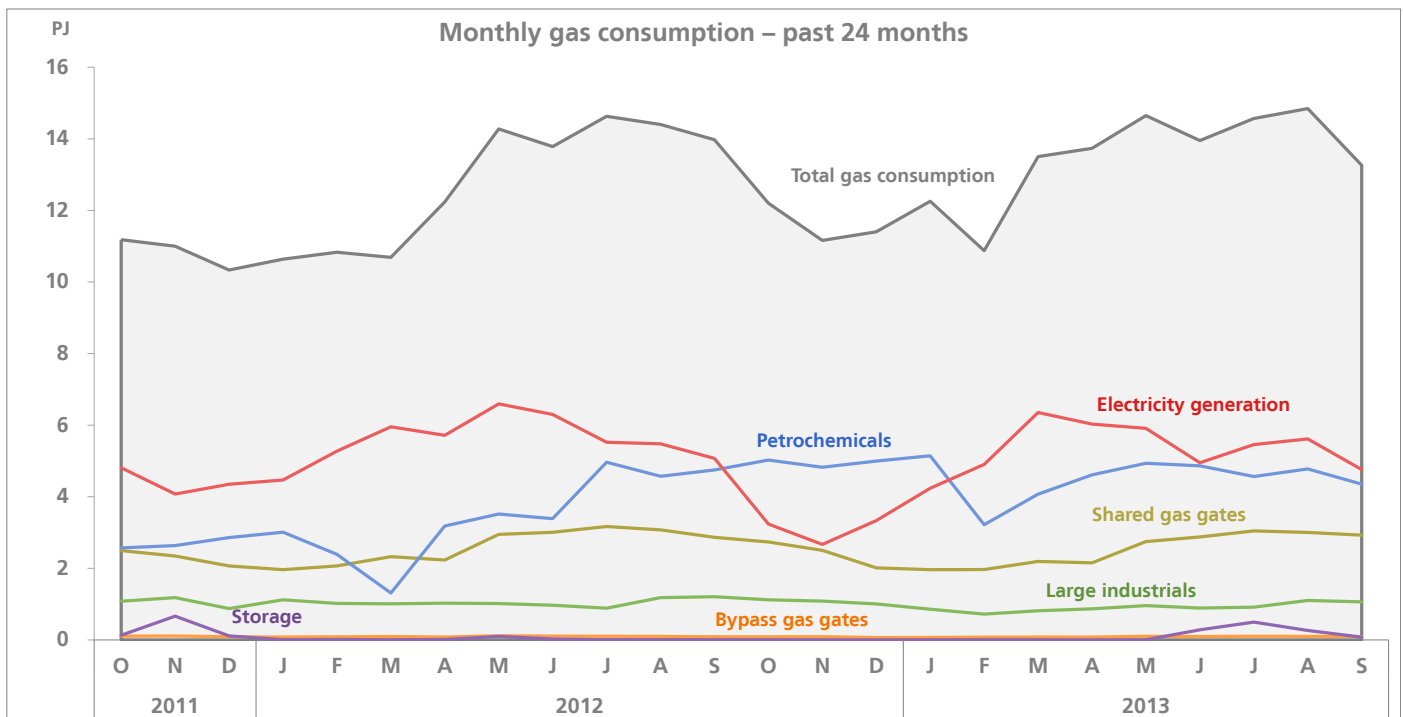
### HHI Retailers change since registry go-live



## Total gas volumes

The chart below shows the total amount of gas consumed over the past two years by all gas users. The top grey line shows total consumption; the coloured lines provide a breakdown by type of use.

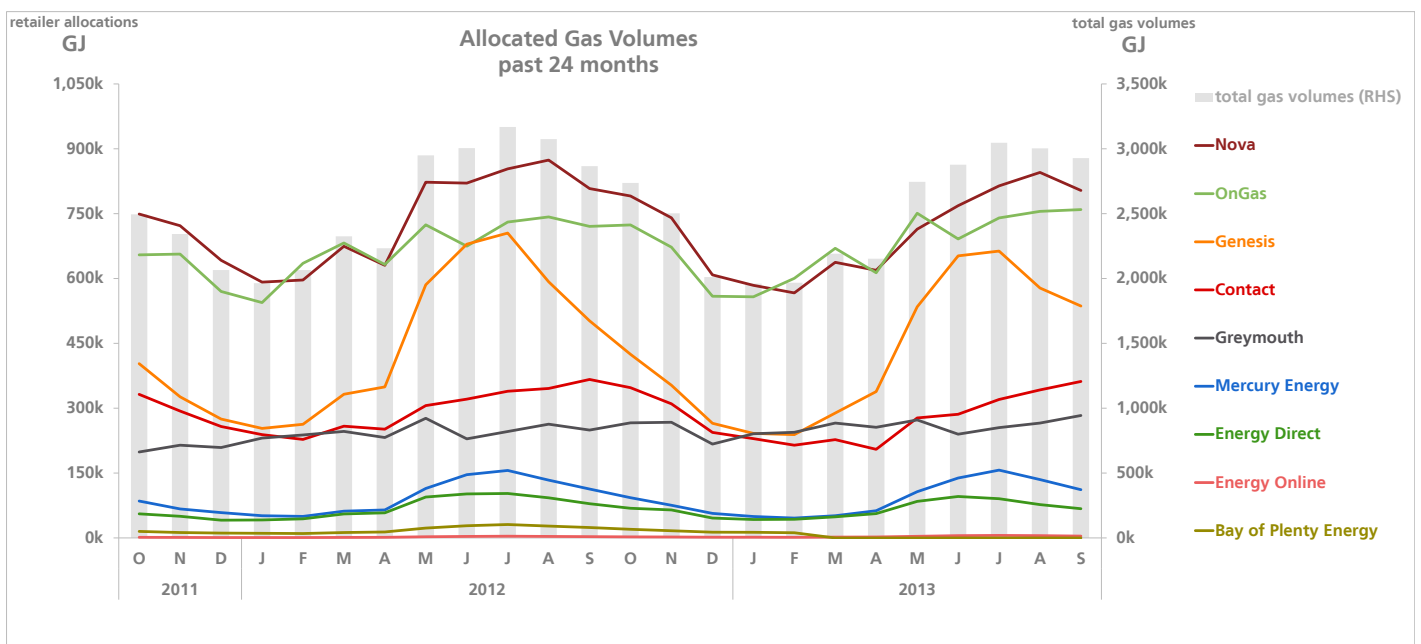
- The red line shows the seasonal peaks and troughs in gas used for thermal electricity generation.
- Consumption for petrochemicals is shown in blue.
- The tan line shows the amount of gas used by customers connected to shared gas gates. This represents the majority of commercial and residential customers. There is a seasonality trend to the consumption, higher in winter and lower in summer. These allocated gas volumes are broken down by retailer in the next section.
- The green line represents volumes of gas used by large industrials, including steel, wood products, dairy processing, and oil refining.
- The purple line shows the volumes of gas going to storage.
- The orange line represents gas used by consumers connected to the private pipelines owned by Nova.



## Allocated gas volumes

This chart shows the gas volumes allocated to retailers at shared gas gates over the past two years, i.e. gas gates connected to a network that supplies multiple customers. This includes gas consumed by industrial, commercial, and residential customers, but it excludes gas volumes from direct connect gas gates; that is, from gas gates that supply a single customer directly from the transmission system. For this reason, gas volumes supplied through direct connect gas gates to such industrial sites as thermal power stations, oil refinery, and paper and chemical factories are not included in the chart below.

The grey bars in the chart show total volumes of allocated gas (using the right-hand scale); company volumes are denoted by coloured lines and use the left-hand scale. The bars show the seasonality of gas consumption: higher in winter and lower in summer, and many of the retailers show similar patterns in their allocated volumes. Nova Energy is the largest retailer by allocated volumes, followed by OnGas. Genesis, the third largest retailer by volume, has a load profile that peaks in winter and troughs during the summer. Contact, Mercury, and Energy Direct all show similar – but less pronounced – winter peaking patterns. Greymouth’s share of allocated gas, in contrast, is relatively steady throughout the year, reflecting its position as largely a supplier to industrial loads.

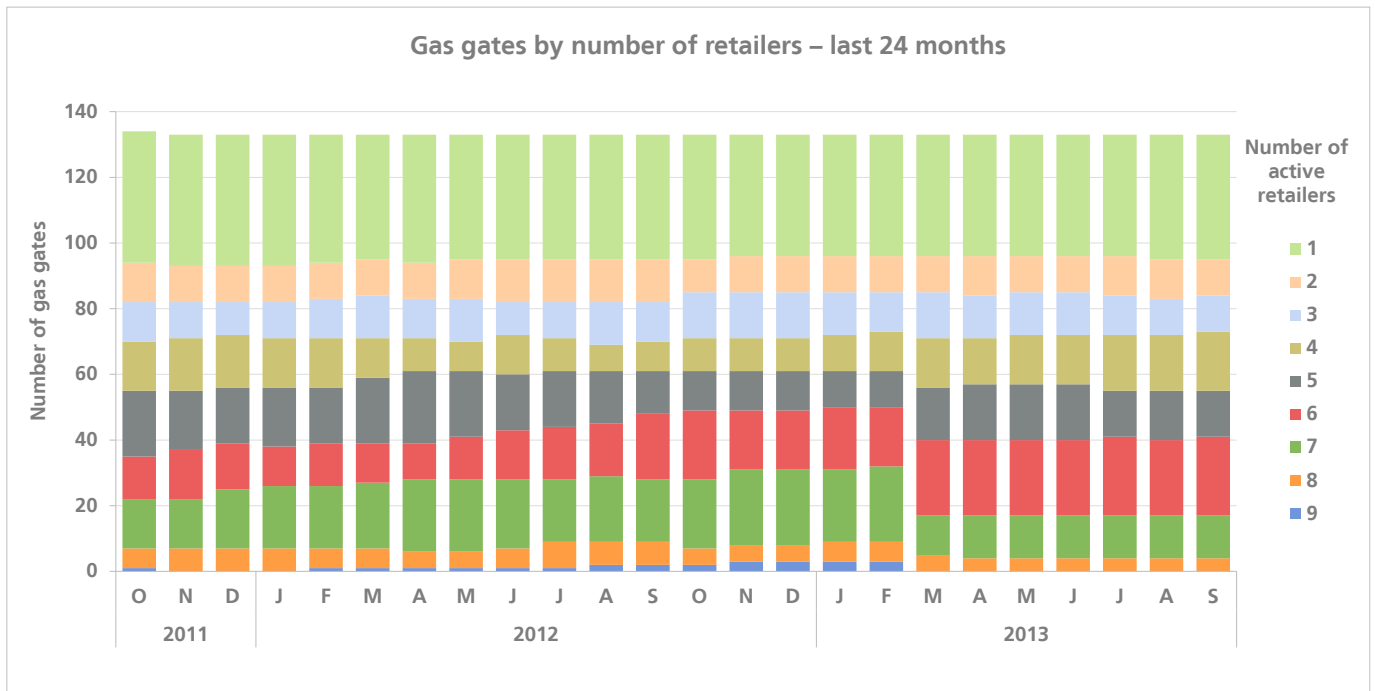


The data are from a mix of allocation stages: Final through September 2012; Interim for October 2012 through June 2013; and Initial for July 2013 through September 2013.

## Gas gates by number of retailers

This chart shows, by month, numbers of gas gates by the number of active retailers. The greater the number of retailers that trade at a gas gate, the greater is the potential competition for customers.

The largest number of retailers operating at a gas gate is now eight, following the amalgamation of Bay of Plenty Energy into the Nova Energy brand.

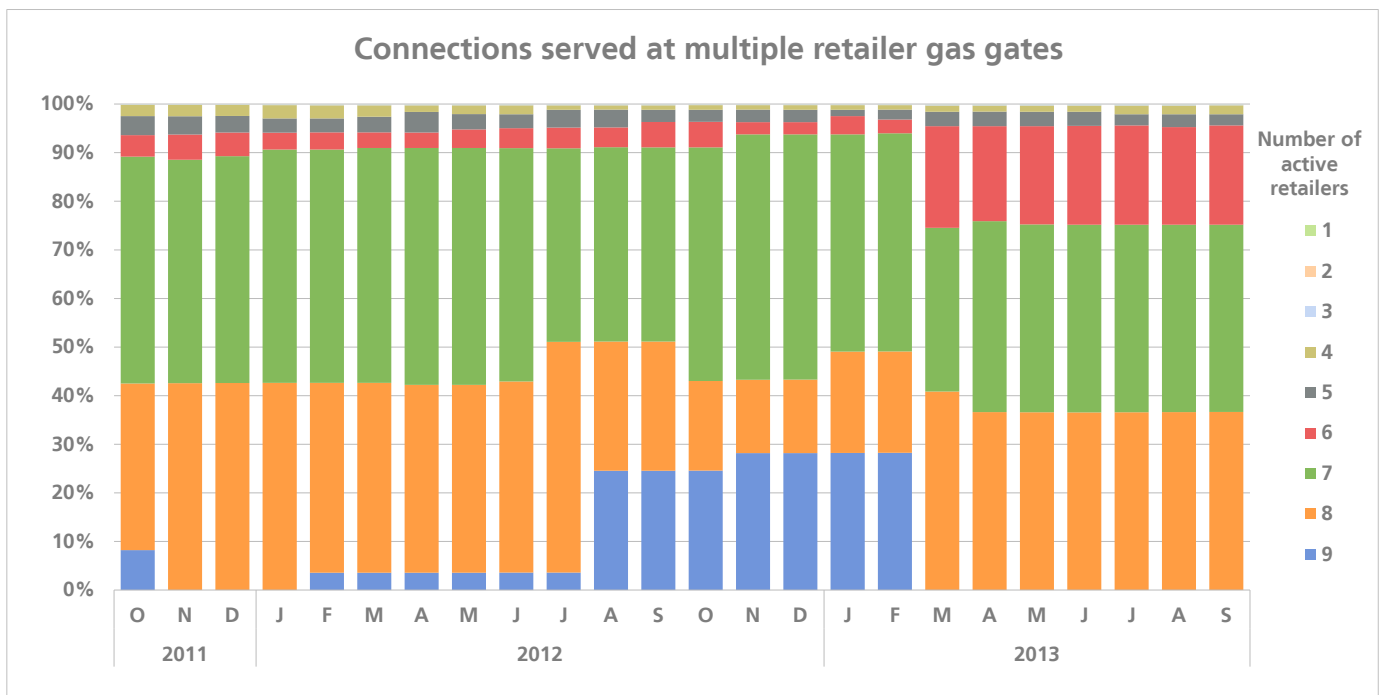


## Connections served by multiple retailers

This chart plots the proportion of gas customers who are served from the gas gates in the chart above; that is, customers served at gas gates where multiple retailers trade.

This chart also shows the March 2013 step change caused by the amalgamation of Bay of Plenty Energy into Nova.

Over 95% of gas customers are connected to a gate where least six retailers trade.



Note that the above chart includes data from ICPs on open-access distribution networks only; information about ICPs on bypass networks is not included as those networks are not open access, i.e. they are used by a single retailer.

## 6 Critical Contingency Management performance measures

There were no critical contingencies in the previous quarter.



# Strategic Progress: Quarterly Report 1 July – 30 September 2013

This report provides an update of progress towards Gas Industry Co's strategic goals. These reflect the Government's objectives and outcomes for the gas industry, as set out in the Gas Act 1992 and the April 2008 Government Policy Statement on Gas Governance, as implemented through the Company's FY2014-2016 Statement of Intent.

Project	Rationale	Activity	Status
<b>Strategic Goal: Efficient Use of, and timely investment in infrastructure</b>			
<b>Transmission Pipeline Balancing</b>	<ul style="list-style-type: none"> <li>Improved industry arrangements. Gas industry participants and new entrants are able to access transmission pipelines under reasonable terms and conditions.</li> </ul>	<ul style="list-style-type: none"> <li>Assess balancing market developments.</li> <li>Provide advice to Minister on balancing market developments as appropriate.</li> </ul>	<ul style="list-style-type: none"> <li>Formal balancing update provided to Minister on 16 April 2013.</li> <li>Way open for implementation of back-to-back balancing following GIC Final Recommendations supporting changes to MPOC and VTC. Implementation now in the hands of MDL and Vector respectively.</li> </ul>
<b>Interconnection</b>	<ul style="list-style-type: none"> <li>Improved industry outcomes. Gas industry participants and new entrants are able to access transmission pipelines under reasonable terms and conditions.</li> </ul>	<ul style="list-style-type: none"> <li>Monitor two new interconnection arrangements on each open access transmission pipeline (Vector, MDL).</li> <li>Review transmission pipeline interconnections and consult on any issues by the end of 2013.</li> <li>Investigate the extent, if any, of issues relating to access to private pipelines.</li> </ul>	<ul style="list-style-type: none"> <li>Cheal and Sidewinder field (both TAG) interconnections reviewed (both on the Vector system); no issues identified.</li> <li>Reviews to be completed on Maui pipeline of physical and wholesale market interconnections.</li> </ul>
<b>Access to Processing Facilities</b>	<ul style="list-style-type: none"> <li>Statutory Role under Gas (Processing Facilities Information Disclosure) Rules 2008.</li> </ul>	<ul style="list-style-type: none"> <li>Collect, monitor, and publish disclosed information.</li> <li>Recommend to Minister by 27 June 2013 as to continuance, amendment, or expiry of these Rules.</li> </ul>	<ul style="list-style-type: none"> <li>All disclosures received and published on Gas Industry Co website.</li> <li>Minister has accepted GIC recommendation that regulated access to gas processing facilities is not necessary. The Gas (Processing Facilities Information Disclosure) Rules 2008 will expire in June 2014.</li> </ul>

## Strategic Goal: Build efficient, competitive, and confident gas markets

<b>Rule Changes</b>	<ul style="list-style-type: none"> <li>Improved industry governance through regular review of existing arrangements and recommending changes where appropriate.</li> </ul>	<ul style="list-style-type: none"> <li>Maintain rule change registers.</li> <li>Review industry feedback on options paper on Reconciliation Rules review.</li> <li>Consult on Statement(s) of Proposal for changes to Reconciliation Rules.</li> <li>Review effectiveness of the Gas Governance (Critical Contingency Management) Regulations 2008 following any events/exercises.</li> <li>Consult on proposed changes to the Compliance Regulations.</li> </ul>	<ul style="list-style-type: none"> <li>Phase 1 amendments to the Reconciliation Rules took effect on 1 June 2013. Work continues on phase 2 changes dealing with allocation methodologies.</li> <li>Recommendation to Minister on CCM Regulations changes submitted July 2013.</li> <li>Recommendation on proposed changes to the Compliance Regulations, submitted to Minister with CCM Regulations change recommendation.</li> </ul>
<b>Gas Quality</b>	<ul style="list-style-type: none"> <li>Maintain an acceptable standard of gas quality.</li> <li>Ensure costs of gas quality incident are met efficiently.</li> <li>Achieve improved transparency on gas quality incidents.</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing review of industry arrangements for managing gas quality.</li> <li>Consider options for improving gas quality arrangements.</li> </ul>	<ul style="list-style-type: none"> <li>Survey of gas quality monitoring completed.</li> <li>GIC has facilitated industry discussions on Retailers' Information Exchange Protocol designed to demonstrate compliance with gas quality requirements.</li> </ul>
<b>Insolvent Retailer Arrangements</b>	<ul style="list-style-type: none"> <li>Following recommendation to revoke 2010 temporary Insolvent Retailer Regulations, consider whether generic regulatory solution is required to address retailer insolvency.</li> </ul>	<ul style="list-style-type: none"> <li>Prepare Issues and options paper for industry consultation.</li> </ul>	<ul style="list-style-type: none"> <li>Minister has accepted GIC recommendation that permanent backstop regulations are not necessary.</li> </ul>
<b>Gas Distribution Principles</b>	<ul style="list-style-type: none"> <li>Improved industry outcomes. Gas industry participants and new entrants are able to access distribution pipelines on reasonable terms and conditions.</li> <li>Ensure consistency in distribution services arrangements.</li> </ul>	<ul style="list-style-type: none"> <li>Monitor and report annually to Minister on status of distribution arrangements.</li> <li>Develop and publish distribution contract Principles.</li> <li>Encourage publication of network services agreements.</li> </ul>	<ul style="list-style-type: none"> <li>First assessment of contracts conducted as at 1 February 2013. Arrangements not progressed as well as expected, but positive indication from industry as to completion.</li> <li>Next assessment in February 2014.</li> </ul>

<b>Transmission Change Requests</b>	<ul style="list-style-type: none"> <li>• Contractual role pursuant to MoUs with MDL and Vector.</li> <li>• Ensure ongoing relevance and efficiency of multilateral terms of access to transmission pipelines.</li> </ul>	<ul style="list-style-type: none"> <li>• Process MPOC change requests and VTC change request appeals as they are received in accordance with respective Memorandum of Understanding (MoU).</li> </ul>	<ul style="list-style-type: none"> <li>• GIC’s Draft Recommendation rejects Contact Energy’s VTC change appeal (single issue - dated 6 May 2013). Assessing submissions prior to concluding the Final Recommendation. Second ground of Contact’s appeal not to proceed in absence of agreement by the parties.</li> <li>• GIC Final Recommendation supports VTC change request appeal (dated 27 November 2012) on balancing processes, peaking charges, and disputed invoices. Supplementary note published addressing matters outside GIC’s rule as appeals body on the VTC.</li> <li>• Final Recommendation on 10 June 2013 supports MPOC change request (dated 28 March 2013) seeking a number of minor and technical amendments.</li> <li>• VTC change appeal (dated 31 July 2012) relating to prudential security withdrawn by Vector.</li> <li>• GIC Final Recommendation on 28 February supports MPOC change request on nomination time.</li> </ul>
<b>Compliance</b>	<ul style="list-style-type: none"> <li>• Statutory role under the Compliance Regulations.</li> <li>• Improved industry operations through provision of a compliance and dispute resolution process for industry participants.</li> </ul>	<ul style="list-style-type: none"> <li>• Oversight of Gas Governance (Compliance) Regulations 2008.</li> </ul>	<ul style="list-style-type: none"> <li>• Gas Industry Co continues to fulfil its role as Market Administrator under the Compliance Regulations.</li> <li>• Breach activity has been low; a positive indicator of industry compliance.</li> </ul>
<b>Customer Issues</b>	<ul style="list-style-type: none"> <li>• Enhanced consumer benefits through complaints process for small gas customers.</li> </ul>	<ul style="list-style-type: none"> <li>• Liaise with the Electricity &amp; Gas Complaints Commission (the approved complaints scheme), and other relevant regulators to remain aware of consumer complaint issues.</li> </ul>	<ul style="list-style-type: none"> <li>• Regular liaison with Electricity &amp; Gas Complaints Commission and other relevant regulators. Gas-related inquiries and complaints statistics included in Gas Industry Co Annual Report.</li> </ul>

<b>Retail Contracts</b>	<ul style="list-style-type: none"> <li>• Enhanced consumer outcomes by providing clarity around the respective roles and obligations of consumers and industry participants involved in the supply of gas to small users.</li> </ul>	<ul style="list-style-type: none"> <li>• Administer the Retail Gas Contracts Oversight Scheme.</li> <li>• Annual assessment of alignment of retail contracts with contract Benchmarks.</li> <li>• Report to Minister on the results of the 2012 assessment.</li> </ul>	<ul style="list-style-type: none"> <li>• Third assessment (published in November 2012) increases retailers' overall rating from 'moderate' to 'substantial' alignment with the benchmarks.</li> <li>• Gas Industry Co advised the Minister of deferral of the 2013 assessment pending a Scheme review.</li> <li>• Submissions on Consultation Paper generally support continuation of the Scheme, with modifications, rather than replacement with regulated regime.</li> <li>• Statement of Proposal expected in November 2013.</li> </ul>
<b>Transmission Pipeline Capacity</b>	<ul style="list-style-type: none"> <li>• Improved consumer outcomes by addressing short and long-term competition issues arising from the North Pipeline capacity constraint.</li> <li>• Enhanced industry/consumer outcomes by improved level, and quality, of information on which to base business/energy use decisions.</li> </ul>	<ul style="list-style-type: none"> <li>• Address by regulatory and/or non-regulatory options any lessening of competition due to transmission constraints.</li> <li>• Implement the Gas Transmission Investment Programme (GTIP).</li> <li>• Improve the quality and availability of pipeline security standards and supply/demand information.</li> <li>• Promote changes to commercial and regulatory arrangements so the GTIP objectives can be met.</li> </ul>	<ul style="list-style-type: none"> <li>• Submissions analysis on PEA's Second Advice and GIC's companion GTIP status update report acknowledged good GTIP progress, but divided on what direction the project should now take. GIC has invited Transmission System Owners to lead industry initiatives in accordance with PEA's future path proposals. In parallel, GIC continuing with policy development which, depending on industry progress, may lead to Statement of Proposal.</li> <li>• Continued monitoring of information provided by signatories to the 'Bridge Commitments', designed to address short-term issues.</li> <li>• Continued monitoring of Gas Transmission Exchange (GTX) - one of the seven Bridge Commitments.</li> </ul>

Project	Rationale	Activity	Status
<b>Strategic Goal: Deliver effectively on accountabilities</b>			
<b>Downstream Reconciliation</b>	<ul style="list-style-type: none"> <li>• Statutory role under Reconciliation Rules.</li> <li>• Improved industry arrangements and consumer outcomes through the objective of fairly allocating, and reducing, unaccounted-for-gas (UFG) and its associated costs.</li> </ul>	<ul style="list-style-type: none"> <li>• Oversight of Gas (Downstream Reconciliation) Rules 2008.</li> </ul>	<ul style="list-style-type: none"> <li>• Gas reconciliations being performed each month.</li> <li>• Long-term UFG has flattened out at approximately 1%.</li> </ul>
<b>Switching and Registry</b>	<ul style="list-style-type: none"> <li>• Statutory Role under Switching Rules 2008.</li> <li>• Efficient retail market and improved consumer outcomes by facilitating market contestability through customer switching between retailers.</li> </ul>	<ul style="list-style-type: none"> <li>• Oversight of Gas (Switching Arrangements) Rules 2008.</li> </ul>	<ul style="list-style-type: none"> <li>• Customer switching facilitated through rules and registry processes.</li> <li>• Switching statistics report issued monthly.</li> </ul>
<b>Performance Measures</b>	<ul style="list-style-type: none"> <li>• Improved industry and consumer outcomes through the provision of public information on industry performance.</li> <li>• Monitor the effectiveness of governance arrangements.</li> </ul>	<ul style="list-style-type: none"> <li>• Determine and publish information on each gas governance arrangement that has been implemented.</li> </ul>	<ul style="list-style-type: none"> <li>• Performance measures computed and reported quarterly.</li> </ul>

<b>Policy Development and Information Gathering</b>	<ul style="list-style-type: none"> <li>• Ensure Gas Industry Co has all information required to properly analyse issues in arriving at conclusions.</li> <li>• Industry and consumer benefits from improved level, and quality, of information on which to make business and/or energy use decisions.</li> </ul>	<ul style="list-style-type: none"> <li>• Proposal initiated following the publication in June 2011 of the FY2012-2014 Strategic Plan - to develop a process enabling Gas Industry Co to request and, if necessary, require the supply of specific information from participants to assist the timely development of market solutions.</li> </ul>	<ul style="list-style-type: none"> <li>• Industry supportive of need for Gas Industry Co to request and receive relevant information for policy development.</li> <li>• Protocol for Information Gathering for Policy Development implemented in June 2013.</li> </ul>
<b>Industry Facilitation</b>	<ul style="list-style-type: none"> <li>• Facilitate nexus between industry and Government.</li> <li>• Maintain informed industry participants and other stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate, influence and communicate with the industry and Government.</li> <li>• Liaise with other regulatory bodies, agencies and associations with responsibilities and interests encompassing the gas industry.</li> </ul>	<ul style="list-style-type: none"> <li>• NZ Gas Story completed and provided to Minister on 1 March 2013. Currently being updated, with view to publication in November 2013.</li> <li>• Regular liaison with MBIE, Electricity Authority, and other relevant regulators.</li> </ul>
<b>Critical Contingency Management</b>	<ul style="list-style-type: none"> <li>• Statutory role under Gas Governance (Critical Contingency Management) Regulations 2008.</li> <li>• Improved industry outcomes through increased market confidence in industry's ability to manage critical events.</li> </ul>	<ul style="list-style-type: none"> <li>• Manage Critical Contingency Operator (CCO) via service provider agreement.</li> <li>• Review effectiveness of the Regulations following any events/exercises.</li> <li>• Operate critical contingency pool following an event.</li> </ul>	<ul style="list-style-type: none"> <li>• CCO activities monitored and reviewed quarterly.</li> </ul>