

Diary Dates

8 August 2008

Industry Conference

June 2008

Transmission Pipelines
Balancing Issues Review paper
to be released.

August 2008

Discussion paper on consumer
issues to be released.

9 August 2008

Due date for submitting
information under Gas
(Processing Facilities
Information Disclosure) Rules
2008

Gas Industry Conference for Industry Participants 2008

Gas Industry Co would like to invite industry participants to the Company's fourth annual conference on **Friday 8 August 2008**, at the Museum of New Zealand – Te Papa, in Wellington. The Conference opens at 8.30am and closes at 4.30pm.

The conference will include interactive sessions on strategic issues in the sector, co-regulation in practice, the development of transmission access, balancing and wholesale market arrangements, together with retail issues. Terry Grimwade of VENCORP will provide an Australian perspective on gas market reform.

All participants are required to pre-register by Friday 25 July 2008. You can register online by clicking on the following link:

[Registration Form](#)

Gas (Levy of Industry Participants) Regulations 2008

The Gas (Levy of Industry Participants) Regulations 2008 were gazetted on 26 May 2008 and are effective from 1 July 2008 to 30 June 2009. A copy of the regulations is available on the following link:

[Gas \(Levy of Industry Participants\) Regulations 2008](#)

Gas (Processing Facilities Information Disclosure) Rules 2008

Introduction

The Gas (Processing Facilities Information Disclosure) Rules 2008 (the 'Rules') were gazetted by the Minister of Energy on 29 May 2008. The Rules come into effect on 27 June 2008 and will expire after six years unless the Minister of Energy decides to extend the Rules. A copy of the Rules is available by clicking on the link below:

[Gas \(Processing Facilities Information Disclosure\) Rules 2008](#)

Gas Contingency Management Arrangements

At the request of the industry, and as required by the 2008 GPS, Gas Industry Co has been working on developing arrangements to supersede the National Gas Outage Contingency Plan (NGOCP). Documents which relate to the development of these arrangements can be found in the consultation section of our website.

Industry group

An industry group was convened by Contact Energy to improve understanding of the interdependencies between the electricity and gas sectors. Membership of the group was broad, covering gas transmission, electricity generation, electricity system operation (Transpower), the Electricity Commission and Gas Industry Co. Both Vector and Contact Energy undertook modelling work which was presented to that group and the outputs from that work are available on our website at:

http://www.gasindustry.co.nz/Gas_Contingency_Management_Arrangements.php

Gas Registry and Switching

Registry operator

Extended negotiations are currently in train with the preferred candidate for appointment to the position of registry operator under the switching rules, which took effect in March 2008. The registry operator will be responsible for developing and establishing the gas registry, and then operating the registry to enable switching under the rules. The negotiations are extended because they are aimed at firming up the business requirements for the registry, and in consequence the development and establishment cost, before agreements are negotiated and signed. This whole process is expected to be completed before the end of July this year.

Gas Industry Co determinations

There are a number of matters in relation to the gas registry and switching rules which Gas Industry Co must determine. A consultation document on proposed determinations was issued in April. Submissions closed on 14 May 2008. Analysis of submissions and the formal approval of the determinations is expected to occur on or about Friday 13 June.

Industry submission of data

The planned go-live is 1 March 2009 and at this stage the functions required from the registry operator, and arrangements required from Gas Industry Co, are expected to be in place by that date. However, a critical part of the process is the cleansing and preparation of ICP related data for transfer into the registry from the industry. Once a firm development timetable has been agreed with the registry operator, discussions will be held with the industry to confirm that cleaned up data can be made available for populating the registry by the required date for achieving go-live.

Downstream reconciliation

Rules

The downstream reconciliation rules were approved by the Minister and then gazetted on 29 May 2008. The rules set the go-live date at 1 October 2008 and this date cannot be changed without a rule change. (This is different from the position with switching where the rules provide for Gas Industry Co to set the go-live date). The rules can be downloaded from

http://www.gasindustry.co.nz/Downstream_Reconciliation.php

Allocation agent

Reconciliation and allocation is carried out by the allocation agent appointed under the reconciliation rules

Proposals have been received for appointment to the position of allocation agent and are currently being evaluated. The evaluation is expected to be completed and negotiation commenced with the preferred candidate before the end of June. Although the timetable is tight, the functions required from the registry operator, and arrangements required from Gas Industry Co, are expected to be in place by the set go-live date. The receipt of formal proposals has enabled costs for system establishment and on-going operations to be firmed up. These costs are appreciably higher than previously estimated based on experience with the existing voluntary scheme.

Consultation on Gas Industry Co determinations

There are a number of matters in respect of the reconciliation rules which must be determined by Gas Industry Co. The most important and pressing of these is the notification of information file formats for the submission of data. A consultation paper on proposed data file formats is expected to be issued on or about 13 June. A 2 week consultation period for information file formats, and a 4 week consultation period for other matters will be provided.

Industry submission of data

The carrying out of reconciliation and allocation will depend on data submitted by industry participants. The data will be similar to that provided under the existing industry arrangement. However, to assist the process data will be required to be submitted in a common format and this will require some participants to change their internal systems. Information is currently being sought from the industry to see whether this will be a significant problem and unable to be dealt with by the granting of temporary exemptions under the rules.

Consumer issues

Discussion paper

Gas Industry Co's approach to consumer issues is currently being reviewed. Although the review is broadly based it particularly includes the work on contractual terms and conditions which was carried out in 2005/2006. The intention is to issue a discussion paper on consumer issues in early August 2008. There will be a 6 week period in which to make submissions.

Consumer Forum.

An annual Consumer Forum is hosted by Gas Industry Co. The 2008 Forum was held on 19 May 2008 and was especially focused on the subject of "consumer expectations" , to provide input to the discussion paper referred to above. Then Forum was attended by 16 people other than Gas Industry Co staff.

Industry workshop on consumer issues

An industry workshop on consumer issues, which largely mirrored the Consumer Forum held in the same week, was held on 21 May 2008. Eight industry representatives attended the workshop.

Joint Electricity and Gas Complaints Scheme

Work is being carried jointly by Gas industry Co and the Electricity Commission, on the establishment of a joint gas and electricity consumer complaints scheme. A consultation paper on the proposed requirements for such a scheme was issued in March 2008 and submissions closed on 8 May 2008. 24 submissions were received. The submissions raised some important legal issues. Although most of these issues had been considered before issuing the consultation paper, it was felt that it would be prudent to seek further legal advice before proceeding to the next stage. It is expected that the advice will have been received and next steps determined by late July. At this point the analysis of submissions and the response to the submissions will be released.

Frameworks for policy development and implementation

Earlier this year, an information paper was issued setting out the future approach to be adopted by Gas Industry Co, for policy development work. The information paper can be downloaded from the Gas Industry Co website at

http://www.gasindustry.co.nz/Downloads/Documents/Publications_Presentations/140509.pdf

This approach was discussed at an industry workshop for industry regulatory managers and senior analysts held on 23 April 2008. At the workshop it was agreed that there would be value in the preparation and release of an annual consultation plan. An initial draft consultation plan for the upcoming financial year can be accessed on our website at:

http://www.gasindustry.co.nz/Downloads/Documents/Publications_Presentations/141024.pdf

Similar work on the framework for policy implementation is planned for later in 2008.