



# Update

October 2007

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## ***Statement of Proposal – Transmission Access Framework***

A significant milestone has been reached in our review of high pressure gas pipeline access arrangements. On 5 October 2007, Gas Industry Co released a Statement of Proposal (SoP) which brought together the various strands of the review of Gas Transmission Access which began early in 2006. The review concluded that to ensure effective access to transmission pipelines, and good governance of those access arrangements, it is necessary to introduce new regulations.

The proposed Transmission Access Regulations specify what services must be offered by transmission system owners, and set out the minimum requirements for those services. It is then over to individual transmission system owners to develop detailed terms of access which comply with the regulations and meet the needs of their customers. In this sense the Transmission Access Regulations establish a framework rather than a detailed set of rules. The detailed access arrangements will be contained in the “operating codes” developed by the transmission system owners.

In addition to the draft Transmission Access Regulations, the SoP contains draft Compliance Regulations. These set out the governance arrangements for managing compliance with the operating codes and regulations, and dealing with any disputes which might arise. The proposed compliance regime builds on the model already developed by Gas Industry Co to deal with compliance with the Switching Rules.

Although Gas Industry Co is recommending a more intrusive regulatory regime than exists at present, the proposal is at the light handed end of the regulatory spectrum. Alternative, non-regulatory solutions such as industry agreements were also considered by Gas Industry Co. However, when these were analysed they did not appear to deliver the same level of net benefits as the proposed solution.

Gas Industry Co believes that the proposed regulations will help to counter the unequal bargaining strength of transmission system owners, and facilitate competition in upstream and downstream gas markets. More particularly, it will ensure access rights for new entrants, provide uniform processes for developing and enforcing access arrangements, and address conflicts of interest which might otherwise incline a transmission system owner to favour its own affiliates over other customers.

An introduction to the SoP will be provided at a seminar on Friday, 26 October 2007. The closing date for submissions on the SoP is Friday, 23 November 2007. Full details of these arrangements and downloads of the relevant documents can be found on the Gas Industry Co website at:

<http://www.gasindustry.co.nz/Downloads/Documents/Consultation/Final%20SOP%20Transmission%20Access%20Framework%20071005.pdf>



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### ***New Legal Adviser***

Tristan Meo joined Gas Industry Co in the position of Legal Advisor on 1 October 2007. Work streams in which he will be particularly involved initially include the implementation of the proposed compliance regulations, reconciliation, and contingency management. Tristan has joined us from his role as a senior solicitor at the Ministry of Fisheries. Prior to that, Tristan was with Kensington Swan where he practised in commercial litigation and advised on construction/infrastructure issues. Tristan can be contacted on [tristan.meo@gasindustry.co.nz](mailto:tristan.meo@gasindustry.co.nz) or 494 6580.

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### ***Consumer Issues Forum***

Gas Industry Co held its 2nd annual Consumer Issues Forum on Tuesday, 25 September 2007. The forum provided an excellent opportunity to meet with consumer representatives to update them on Gas Industry Co's progress in implementing the tasks set out in the GPS and also allowed consumer representatives to raise concerns or issues that consumers have with their gas supply. This year's forum was attended by over 20 consumer representatives with gas retailers also attending as observers. Feedback from the consumer representatives highlighted that consumers want more information about their gas supply and the charges they face. They want this information to be clearly presented, and they want to be able to compare information between suppliers and between energy sources, particularly electricity, natural gas and LPG.

Overall, Gas Industry Co is pleased with the level of engagement at the forum and remains committed to taking a proactive approach to seeking consumers' views on gas policy reform and arrangements which ensure that consumers can readily participate in the consultation processes.

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### ***Update on Switching Implementation***

#### **Approval of Rules**

The Switching Rules have the objective of enabling the efficient and timely switching of gas customers between retailers. A key component in this is the establishment of a central gas registry which contains up to date information on all gas customers. The rules are intended to replace the current voluntary industry regime and will be backed up by Compliance Regulations.

The rules are currently being considered for approval by the Minister.

#### **Implementation Plan**

An implementation programme has been developed which will have the following key steps:

- Step 1: Appointment of a registry operator
- Step 2: Registry development



Step 3: Pre-establishment data cleanup and reconciliation, and user acceptance testing  
Step 4: Population of the registry with data leading to the “go live” date for switching  
Step 5: Completion of a short period of transitional functionality.

The “go live” date is likely to be in the period late 2008/early 2009

A Registry Establishment Team has been set up to assist Gas Industry Co on the development of the implementation and the appointment of the registry operator.

A separate Registry Implementation Team will be established later in the process to facilitate the work on steps 3 and 4.

### **Development and Issue of Request for Proposals (RFP)**

The most important step immediately is the development and issue of an RFP to prospective contenders for appointment as registry operator. The RFP will contain the technical specification for the registry which is to be developed by the appointee. The RFP is likely to be released in around November 2007 and a period of 6 weeks allowed for the receipt of proposals. It is planned to complete evaluation of tenders and appoint the registry operator in early 2008.

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### ***Coming Up***

Gas Industry Co anticipates publishing the following consultation papers in the coming months:

- Levy Consultation Paper (late December – early January)

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### ***Diary Dates***

- AGM – 25 October 2007
- Seminar on Statement of Proposal – Transmission Access Framework – 26 October