

Key points in this issue:

- Recommendation to Minister of Energy on Access to Gas Processing Facilities
- Report to the Minister of Energy on the performance and present state of the New Zealand Gas Industry

Coming up:

The Gas Industry Co anticipates releasing a number of discussion papers for industry consultation early in the New Year.

Topic	Release Date	Submissions Close
Wholesale Market Design	21 December 2006	16 February 2007
Reconciliation	11 January 2007	23 February 2007
2007/08 Levy Consultation	15 January 2007	29 January 2007
Switching and Compliance Arrangements	19 January 2007	9 February 2007

Gas Industry Co are currently updating our contact details. If you know anybody that should be added/removed from our circulation list please email info@gasindustry.co.nz

Recommendation to Minister of Energy on Access to Gas Processing Facilities

Gas Industry Co has now provided a Recommendation to the Minister of Energy on protocols for access to gas processing facilities. The Recommendation is in line with that proposed in the discussion paper released in September 2006. Gas Industry Co propose to invite the industry to implement a voluntary information disclosure regime.

The information to be disclosed will be technical specifications of gas processing facilities (based on nameplate ratings) together with indicative forecasts of available capacity. This information will be requested on an annual basis and published on the gas industry co website. In addition, facility owners will be invited to provide information on bona fide approaches from third parties seeking access to their facilities. It is important that provision of information on third-party approaches does not prejudice ongoing commercial negotiations and, therefore, Gas Industry Co accept that there may be some delay in obtaining that information.

A copy of the Recommendation can be found on our website.

Report to the Minister of Energy on the Performance and Present State of the New Zealand Gas Industry

Under the Gas Act 1992 and its constitution, Gas Industry Co has an obligation to regularly provide reports to the Minister on the performance and present state of the industry.

Allen Consulting Group (ACG) was engaged to prepare the first such report. The main focus of the ACG report is the facilitation of competitive outcomes and the industry's performance is assessed against this measure. The report also sets out ACG's views on the key priorities for the industry, especially in relation to further developing the systems and processes to facilitate competition at the wholesale and retail levels. The report concludes with a proposed set of indicators for measuring industry performance and makes recommendations about further reassessment in the future.

A copy of the report can be found on our website

Switching and Compliance Arrangements

Gas Industry Co plans to release a decision paper on 19 January 2007 to outline the decisions that the Board has taken to progress the development of a set of switching arrangements, a central gas registry, and associated compliance arrangements.

Gas Industry Co will also seek further stakeholder input in three particular areas:

- the extent to which stakeholders should be able to enforce the rules against the registry operator;
- the treatment of commercially sensitive information in the registry; and
- whether the final drafts of the rules and regulations accurately implement the arrangements.

Implementing the proposed switching arrangements requires that gas retailers, gas distributors and gas meter owners are all obliged to participate. This requires an amendment to the Gas Act which is in progress.

Implementation of the central registry and establishing a contract with a service provider will follow the amendment to the Gas Act and the Minister approving the recommendations.

2007/08 Levy Consultation

On 15 January 2007, the Gas Industry Co plans to release the 2007/08 Levy Discussion Paper. The Gas Act provides for the Gas Industry Co to recover the costs of exercising its functions under the Gas Act through a levy on industry participants. The levy is set on an annual basis and the Company has an obligation to consult with industry participants on the levy. Submissions will be due on 29 January 2007.

Reconciliation

In June 2006 Gas Industry Co issued a discussion paper titled *Options for Amending Allocation and Reconciliation Arrangements in the New Zealand Gas Industry*. Gas Industry Co has considered submissions on that paper, analysed the issues and developed a further discussion paper titled *Reconciliation of Downstream Gas Quantities*. This paper includes a number of proposals for downstream reconciliation and a framework for a cost / benefit analysis of these proposals.

Gas Industry Co plans to issue the discussion paper for consultation on 11 January 2007 with submissions due on 23 February 2007. A workshop is proposed for 25 January 2007 to present and discuss the proposals. Also, Gas Industry Co intends to convene a meeting of the GART working group on either 12 or 13 March 2007 to discuss technical aspects of submissions received on the discussion paper.

Wholesale Market

Gas Industry Co has received and analysed submissions on its September discussion paper titled *Wholesale Market Design*. On 21 December 2006 we released a further discussion paper which:

- reports on the analysis of submissions;
- provides Gas Industry Co's view on the issues raised; and
- requests further input on a specific range of matters.

The focus of this work stream is now on advancing the preparation of a standard gas sales agreement for shorter term trades and investigation of a matching platform as a basis for low-cost, electronic trading. Both of these initiatives are aimed at increasing transactional efficiency in gas trading.

A copy of the consultation paper is available from our website.

Submissions are due on 16 February 2007 and a workshop is proposed for 31 January 2007.

Human Resources Update

Gas Industry Co is pleased to announce it has recently appointed Paul Sullivan as Markets /Policy Analyst. Paul was previously Regulatory Affairs Analyst at Unison Networks Ltd and commences with us on 23 January 2007. Paul will assist the Senior Advisers on their work streams.

Gas Industry Co currently has two vacancies, one for a Senior Retail Adviser and the other for a Legal Adviser. Details of these positions and how to make an application are on our website.