

Update

Diary Dates

10 March – closing date for submissions on Nova Gas application for partial exemption of bypass networks from the Gas (Switching Arrangements) Rules 2008

13 March – submissions on Transmission Pipeline Balancing options paper close

13 March – submissions on revised FY2010 Levy consultation paper close

FY2010 Levy

The FY2010 Levy Consultation Paper issued on 16 January 2009 set the context for the proposed FY2010 levy regulations. It included a review of the previous year's levy development process and explained the development of the FY2010 levy.

Ten submissions were received by the closing date of 5 February. Analysis revealed that respondents had several areas of concern. The overall tone of the submissions was such that Gas Industry Co did not feel it had the necessary level of industry support that is required to make a levy recommendation to the Minister.

A revised proposal has therefore been prepared and was issued on 2 March, with a closing date for submissions of 13 March. The paper proposes that the FY2010 Levy be in three parts, consisting of:

- A retail levy of \$6.40 per annum payable on each ICP, a 14% decrease on the FY2009 rate of \$7.42 per annum payable on each ICP;
- A wholesale levy of 1.67 cents per GJ of gas purchased directly from gas producers, a 7% reduction on the FY2009 rate of 1.79 cents per GJ; and
- A special one-off Gas (Downstream Reconciliation) Establishment Rules 2008 Costs Levy of \$1,052,500, levied in proportion to allocated gas volumes.

Read more about the levy process at:

<http://www.gasindustry.co.nz/work-programme/gas-industry-company-levy-2010>

Compliance

In January, the market administrator received notice of six alleged breaches of the Gas (Downstream Reconciliation) Rules 2008 by six participants.

The market administrator is required to determine whether alleged breaches are material, based on criteria set out in the Gas Governance (Compliance) Regulations 2008.

Five of the alleged breaches were determined not to be material and one has been referred for investigation. Copies of the determinations are available at:

<http://www.gasindustry.co.nz/work-programme/compliance>

Notices of nine alleged breaches of the Rules by six participants were received by the market administrator in February. Three of the alleged breaches were determined not to be material. The market administrator is yet to determine the materiality of the remaining alleged breaches.

Downstream Reconciliation

Further monthly allocations under the Gas (Downstream Reconciliation) Rules 2008 were carried out in February, including the initial allocation for February 2009 and the first interim allocation: that for the gas consumption month of October 2008.

Decisions on a set of exemption applications that examined, among other things, gas gates where there is apparently zero consumption but positive injection quantities, Gas Gate Residual Profiles (GGRPs) that have negative values, and the timing of gas gate notices by retailers have been published. Consultation is expected on a further three exemption applications.

Consultation has been completed on a set of six guideline notes and final approvals are expected by early March.

The last meeting of the GRREC was held on 12 February, and featured a preliminary discussion about the selection of gas gates for event audits.

More information on this work stream can be found at:

<http://www.gasindustry.co.nz/work-programme/downstream-reconciliation>

Joint Consumer Complaints Scheme

The selection of the EGCC as the preferred applicant for an approved complaints scheme has been announced. The consultation paper, which will compare the selected scheme with other options, including a fully regulated scheme, can now be issued. This is expected in early March.

More information on this work stream can be found at:

<http://www.gasindustry.co.nz/work-programme/consumer-complaints>

Consumer Issues Consultation Paper

Submissions on the Consumer Issues Consultation Paper have been analysed and the results, together with a response document setting out next steps in key areas, was considered by the Gas Industry Co Board in February.

The analysis of submissions and responses is expected to be issued in early March. Areas of work discussed are expected to include:

- retail contract terms and conditions including connections and disconnections;
- performance measurement for competition and for gas governance arrangements; and
- the provision of information to support effective consumer choices.

More information on this work stream can be found at:

<http://www.gasindustry.co.nz/work-programme/consumer-issues>

Switching and Gas Registry

The Gas (Switching Arrangements) Rules 2008 are designed to facilitate communication between retailers, meter owners and distributors to enable customers to change retailers ('switch'). The switching rules and the associated gas registry went live on 2 March.

Decisions have been published on two sets of exemption applications seeking changes to deadlines in the rules. Minor amendments to the switching determinations were also made as a result of the recent consultation. The relevant documents and information on the gas registry can be viewed at:

<http://www.gasindustry.co.nz/work-programme/switching-and-registry>

Transmission Pipeline Balancing

In December 2008, Gas Industry Co issued a Transmission Balancing Options paper with a closing date for submissions of 27 February 2009.

In response to many industry requests, Gas Industry Co has extended the deadline for submissions to 13 March. The Company is therefore not able to release its Submissions Analysis paper until early May.

There will be consequential changes to the scheduling of consultants, internal resources, the ongoing programme of work and operating costs.

More information on this work stream can be found at:

<http://www.gasindustry.co.nz/work-programme/transmission-pipeline-balancing>

Vector Transmission Code Change Request Appeals

9 October 2008 Change Request Appeal

Having considered all relevant information, including submissions on the draft recommendation, Gas Industry Co issued a final recommendation on this change request appeal on 20 February. It is available at:

<http://www.gasindustry.co.nz/work-programme/vtc-change-request-appeal-9-october-2008?tab=1156>

12 December 2008 Change Request Appeal

On 12 December 2008, Gas Industry Co received an appeal from Contact Energy Limited concerning a change request that it had proposed, but that was rejected by Vector. The change request provided for the posting of metered gas receipts and deliveries from the transmission pipeline on a daily basis. Gas Industry Co received submissions and cross-submissions on the appeal and published them on its website.

In its submission on the appeal, Vector undertook to provide un-validated hourly data recorder readings on the Open Access Transmission Information System (OATIS) throughout each day of the year for 33 of the most significant delivery points on the Vector transmission system. Vector expects this information to be available by the end of March.

Based on this, Contact has withdrawn its appeal. Gas Industry Co has therefore discontinued work on this matter. Read more at:

<http://www.gasindustry.co.nz/work-programme/vtc-change-request-appeal-12-december-2008>

Vector Transmission Pipeline Capacity Arrangements

Gas Industry Co identified access to short-term capacity on the Vector pipeline as an issue in its 2006 Transmission Access Issues Review paper. In submissions on the paper, all but one respondent considered that the lack of 'reasonably priced' short-term capacity was a problem, and suggestions were made as to how the situation could be improved.

The 2007 Vector Transmission Code (VTC) development process did not tackle the issue, but Vector and its shippers scheduled it for further discussion, possibly during the 2009 VTC review.

To assist the discussion between Vector and its shippers, Gas Industry Co released an expert review of Vector's capacity arrangements on 12 February. The research paper describes the current capacity arrangements on Vector's transmission pipelines, considers policy issues arising in the current arrangements, presents and evaluates some options for enhancing the current arrangements, and sets out conclusions and recommendations.

The paper is not a consultation paper so submissions are not required. However, comments are welcome. Gas Industry Co will take no further action on this matter, and continue to monitor ongoing VTC changes.

Read more at: <http://www.gasindustry.co.nz/work-programme/vector-short-term-capacity>

National Power Conference

Chief Executive Christine Southey spoke at the 2009 National Power Conference in Auckland on 26 February. View her presentation here:

<http://www.gasindustry.co.nz/work-programme/compliance-determinations/publications/national-power-conference-2009-meeting-government>

Staffing Changes

The Company farewelled two staff members in January: Nick Ross, Adviser for the pipelines work stream; and Malay Shah, an Adviser working on the implementation of the gas registry.

The reconciliation and switching work streams have been transferred to Wholesale Markets Senior Adviser Ian Dempster with support from Adviser Andrew Walker. This will enable Retail and Projects Senior Adviser Bas Walker to focus on consumer issues.

The Company will recruit for replacement staff as opportunity permits.

New Website

Gas Industry Co launched its new website in December 2008. It has been redesigned for ease of navigation, and will feature regular updates.

Please note, however, that links from the former website may now be invalid. They can be accessed on the updated site through the Work Programmes/Publications tabs or by using the Search facility.

View our new website at www.gasindustry.co.nz

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