

# Update

## **6 August 2010 —**

Gas Processing Facilities  
Information Disclosures (public  
information) due

## **9 July 2010 —**

Gas Processing Facilities  
Information Disclosures  
(confidential information) due

## **Retail Contracts**

The Associate Minister of Energy and Resources, the Hon Pansy Wong, announced on 17 May that she had approved Gas Industry Co's recommendation for a retail contracts oversight scheme. Gas Industry Co recommended a voluntary scheme whereby standard form retail gas supply contracts are to be assessed against a set of benchmark outcomes. The assessment is to be performed by an independent contractor and will cover contracts existing as at 15 June 2010. The assessment will provide a guide to retailers and consumers as to the scope of alignment across the industry between retail gas contracts and the Gas Industry Co benchmarks.

The initial assessment (due in August 2010) will result in a consolidated, industry score-card; however, future assessments (from June 2011 onwards) will be published on both a 'per retailer' and a 'consolidated' basis. In this way, consumers will be able to compare retailers and make informed choices as to which gas supplier to use.

In approving this arrangement, the Associate Minister noted that the arrangement meets the objectives of the Government Policy Statement on Gas Governance. She looked forward to receiving the assessments and also asked that this information be passed on to her colleague, the Minister of Consumer Affairs.

The Recommendation and further information regarding the development of the oversight scheme are available on the Gas Industry Co website ([http://www.gasindustry.co.nz/sites/default/files/u12/Recommendation\\_to\\_Minister\\_re\\_oversight\\_of\\_implementation\\_of\\_retail\\_contract\\_benchmarks\\_152566.3.pdf](http://www.gasindustry.co.nz/sites/default/files/u12/Recommendation_to_Minister_re_oversight_of_implementation_of_retail_contract_benchmarks_152566.3.pdf)).

## Gas Processing Facilities Information Disclosure

The Gas (Processing Facilities Information Disclosure) Rules 2008 (the Rules) provide a process for determining if there is a need for regulation of third party access to gas processing facilities.

### Public Disclosures

Under Part 2 of the Rules (Disclosing public information), facility owners must disclose to Gas Industry Co, for each gas processing facility:

- the ownership share and contact details of all the facility owners;
- forecasts of spare gas processing capacity; and
- technical information on the capacity of gas processing facilities.

For the majority of facility owners, the disclosure of this information (covering the period from 2 August 2009 to 1 August 2010) is due to be submitted by 5pm on Friday 6 August 2010.

### Confidential Disclosures

Under Part 3 of the Rules (Monitoring requests for access to gas processing facilities), owners of gas processing facilities must disclose, for each 12 month period, information on:

- the number of approaches from third parties investigating access;
- summary information on the nature of those approaches; and
- summary information on the outcomes.

The disclosure of this information (covering the period from 27 June 2009 to 26 June 2010) is due to be submitted by 5pm on Friday 9 July 2010.

Gas Industry Co has sent a reminder email to all gas processing facility owners of their obligations under Part 2 and 3 of the Rules.

For more information on this work stream and to download the disclosure forms please visit: <http://www.gasindustry.co.nz/work-programme/gas-processing-facilities-information-disclosure?tab=287>

### **MPOC 17 December 2009 Change Request**

Gas Industry Co has published a Draft Recommendation on the MPOC 17 December 2009 Change Request for consultation.

Submissions on the Draft Recommendation are due by 5pm on 4 June 2010.

After considering submissions, Gas Industry Co will release a final recommendation on Friday 2 July 2010.

To view the Draft Recommendation, please visit:  
<http://www.gasindustry.co.nz/work-programme/mpoc-change-request-17-december-2009?tab=1574>

### **Transmission Pipeline Balancing**

Gas Industry Co has received eight submissions and three cross-submissions on the Transmission Pipeline Balancing – Supplement to the October 2009 Statement of Proposal.

The Independent Directors' Subcommittee has requested Gas Industry Co complete an Analysis of the Submissions received, including cross-submissions, before making a recommendation to the Associate Minister. The subcommittee's next meeting is scheduled for June.

To view submissions and cross-submissions, please visit:

<http://www.gasindustry.co.nz/work-programme/transmission-pipeline-balancing?tab=1518>

## Wholesale market

Two drafting workshops were held in April to work through the governance documents for the wholesale market trial. We received useful feedback, which has been incorporated into the documents. The governance documents are now receiving a final legal review.

Next steps are to enter into an interconnection agreement with Maui Development Limited (MDL) for the creation of two non-physical welded points that will comprise the trading hub and to seek applications from potential traders for entry into the market. Provided a number of parties enter the market, it is expected to be operational in June 2010.

The current versions of the governance documents can be found at <http://www.gasindustry.co.nz/work-programme/standard-trading-contract/wholesale-market-governance-documents>.

## Downstream reconciliation

Gas Industry Co commissioned Strata Energy to review retailers' forecasting accuracy for the initial allocation stage and to consider whether there are changes that may improve the accuracy of the initial allocation. That report will be presented at the Retail Gas Governance Forum (RGGF) currently being scheduled.

On 14 May an initial directions conference was convened by the Rulings Panel to determine the process for hearing the alleged breaches arising out of the performance audits conducted last year. A further directions

conference will be held in late May at which it is expected a hearing date will be set to determine breaches 2010-32 and 2010-59.

### **Critical contingency management**

On 25 February, the Critical Contingency Operator (CCO) ran Exercise Initial to test the Critical Contingency Management Plans (CCMPs) produced by Vector and MDL. The CCO is finalising a report on that exercise that appends the reports from Vector and MDL on their findings from the exercise. The CCO report will be available shortly on the CCO website at [www.oatis.co.nz](http://www.oatis.co.nz).

The CCMPs were not found to have any significant problems. Some procedural changes will be made but these are of the nature of fine-tuning.

### **Switching Rules**

As a result of feedback on the switching discussion paper issued earlier in the year, Gas Industry Co is working on a number of minor and technical changes to the Gas (Switching Arrangements) Rules 2008.

It is expected that those changes will make clear that retailers may issue more than one gas switching withdrawal notice subject to switches being completed within a duration of 23 business days.

Draft changes will be discussed at the next RGGF meeting and then work will begin on a statement of proposal for formal consultation.