

# Update

## Important Dates

**Thursday 3 March** – CCO refresher training sessions, Auckland

**Wednesday 16 March** – Critical contingency test exercise

**Wednesday 13 April** - Retail Gas Governance Forum (RGGF) meeting

## Switching

### Minor amendments to Gas (Switching Arrangements) Rules 2008

An amended version of the Gas (Switching Arrangements) Rules 2008 (Switching Rules) came into effect on 10 February 2011. The amendments were recommended to the Minister of Energy and Resources on 27 October 2010 and were gazetted on 13 January 2011.

The amendments, minor in nature, fall into four main categories:

- altering the scope of some of the Switching Rules to align with industry best practice;
- clarifying the scope of some of the Switching Rules;
- promoting ease of understanding and interpretation; and
- resolving minor drafting and wording issues.

The amended Switching Rules can be viewed or downloaded from the Gas Industry Co website:

[http://www.gasindustry.co.nz/sites/default/files/u14/Switching\\_Rules\\_15\\_Sept\\_2010\\_154446.1\\_not\\_scan.pdf](http://www.gasindustry.co.nz/sites/default/files/u14/Switching_Rules_15_Sept_2010_154446.1_not_scan.pdf)

## Retail Gas Governance Forum Meeting

A Retail Gas Governance Forum (RGGF) meeting is scheduled for Wednesday, 13 April 2011, from 1.00 to 4.30 in the afternoon. Topics to be covered include:

- Findings and recommendations from performance and event audits
- Potential amendments to the Compliance Regulations

- Options for alternative allocation methodologies
- Policy options to address retailer insolvency

A meeting agenda will be prepared and distributed closer to the meeting date.

## **Critical contingency management exercise**

The Critical Contingency Operator (CCO) will be running a test exercise on 16 March 2011. Details will be communicated to industry participants directly. Prior to the exercise the CCO will be holding refresher training sessions in Wellington, Bell Block and Auckland.

## **Audits under the Gas (Downstream Reconciliation) Rules 2008**

Event audits are progressing at Greater Hamilton and Palmerston North to investigate high levels of annual UFG. Final reports will be published on the Gas Industry Co website.

Performance audits are underway or have been completed for five out of nine retailers, and audits for the remaining retailers have been scheduled. It is the intention of Gas Industry Co that all retailers are subject to a baseline performance audit by the end of the gas year, June 2011.

## **Wholesale market trial**

The New Zealand Gas Exchange (NZGE), which Gas Industry Co developed in conjunction with industry as a trial of a wholesale market concept, has been discontinued. The NZGE did not attract sufficient participation to warrant its continuation.

Gas Industry Co is aware that MDL is progressing plans to extend its Balancing Gas Exchange (BGX) to facilitate the short-term trading of gas between industry participants. At the moment, the BGX is a one-sided market used by MDL to buy and sell balancing gas. Extending it would create a two-sided market where participants could effectively trade with each other. The arrangements are designed to reduce counterparty risk, potentially opening the market to wider participation.

### **Recommendation on Gas (Levy on Participants) Regulations 2011**

Gas Industry Co sent the Recommendation on Gas (Levy of Participants) Regulations 2011 to the Minister of Energy on the 1<sup>st</sup> March. This paper presents recommendations on the amount, design, and implementation of the levy for the financial year ending June 2012.

Gas Industry Co recommends to the Minister that:

- the retail levy for FY2012 be set at \$5.76 per ICP (reduced from \$6.40 in FY2011); and
- the wholesale levy for FY2011 be set at 1.66 cents per gigajoule (reduced from 1.84 cents in FY2011).

The Recommendation on Gas (Levy of Participants) Regulations 2011 can be viewed or downloaded from the Gas Industry Co website:

[http://www.gasindustry.co.nz/sites/default/files/publications/recommendation\\_on\\_gas\\_levy\\_of\\_participants\\_regulations\\_2011\\_169359.1.pdf](http://www.gasindustry.co.nz/sites/default/files/publications/recommendation_on_gas_levy_of_participants_regulations_2011_169359.1.pdf)