

7 October 2013

### **GAS INDUSTRY CO TO APPOINT EMS AS ALLOCATION AGENT FOR GAS INDUSTRY**

Gas Industry Co has reached an agreement with EMS (Energy Market Services, a business unit of Transpower NZ Limited) for it to take over the appointment as Allocation Agent under the Gas (Downstream Reconciliation) Rules 2008 ('the Reconciliation Rules'), a role currently performed by NZX Limited ('NZX').

The agreement was reached after a competitive tender process following the completion of the initial five-year contract period since the Reconciliation Rules came into effect in 2008. The role has been performed by NZX since June 2009, when it purchased M-Co Limited, the inaugural Allocation Agent under the Reconciliation Rules. The existing agreement provides for NZX to continue as Allocation Agent for a period to ensure an orderly transition to the new service provider.

The Reconciliation Rules enable the fair, efficient, and reliable allocation and reconciliation of gas quantities, where gas enters local distribution networks from the transmission system and is transported on behalf of retailers who have customers connected to that network.

The Allocation Agent hosts, operates and maintains the allocation system and the allocation website. A central feature of the role is the reconciliation of gas volumes leaving the transmission system with the volumes consumed by end users, appropriately attributing volumes to relevant retailers, and calculating and attributing volume differences in the form of unaccounted-for gas.

Gas Industry Co Chief Executive Steve Bielby said it was appropriate to seek competitive tenders after the bedding in of the Reconciliation Rules and allocation system over the past five years, to a set of business-as-usual arrangements for the industry.

"The high calibre of candidates we have seen, along with the competitive pricing in proposals, reflects a renewed interest in gas markets. We are pleased that this process has led to savings for industry participants of close to 25% on the original contract price."

Mr Bielby expressed gratitude to the panel of industry participants, which assisted in the evaluation of candidates' proposals, and acknowledged the work of NZX in successfully developing and refining the Allocation Agent role in its formative years.

The new Allocation Agent contract has an initial term of five years, which will commence following a period of transition from NZX to EMS, expected to run until the end of 2013.

**Contact:**

Keith FitzPatrick

Industry & Communications Adviser

04 494 2461 027 767 1152

[www.gasindustry.co.nz](http://www.gasindustry.co.nz)

188386.1