



Update

December 2007

New Board Members

David Baldwin and Simon Mackenzie were elected to the Board of Gas Industry Co on 28 November 2007.

David Baldwin was appointed Chief Executive of Contact Energy in May 2006. Prior to joining Contact, he was based in Hong Kong overseeing the energy asset interests of Ritchie Capital, a US investment fund. Before that, David held senior roles in various countries with MidAmerican Energy Holdings, a US-based global energy company, and Shell in New Zealand and the Netherlands. David holds a Master of Business Administration and a Chemical Engineering degree.

Simon is Group Chief Executive (acting) for Vector, and has extensive experience in the energy sector, including strategy, regulation, network management, information technology, and the energy market, as well as telecommunications. During his time at Vector, Simon has been heavily involved in many of the industry reforms, both at a policy and a business level. He also has experience in construction and consultancy environments both in New Zealand and offshore. Simon was previously chief operating officer with Vector which incorporated strategy, regulation, pricing and performance as well as responsibility for the core operating divisions of electricity, gas and a number of subsidiary companies.

Switching and Gas Registry

The RFP inviting proposals for the development, establishment and operation of the gas registry for the support of switching was issued in November and a number of potential suppliers have indicated their intention to submit proposals. The closing date for proposals is 18 January 2008.

Arrangements for proposal evaluation are currently being finalized, and it is anticipated that evaluation will be complete and a recommendation made to Gas industry Co's Board by late February 2008. A preferred respondent will then be confirmed and agreements negotiated. However, finalisation of this work will depend on the timing of approval of proposed rules being approved by the Minister and their coming into effect. At this stage we do not expect this to be a constraint.

This work is still on track for "go live" on 1 March 2009 at latest.

Consultation on the 2008/09 Annual Levy

Key work programme and cost inputs for the process of setting the annual levy were considered at the November meeting of the Gas Industry Co Board.

We expect to issue a Levy Discussion paper on about 18 December 2007, with a closing date for submissions of 4 February 2008. An industry workshop will be held prior to that. The currently expected date for this is Thursday, 17 January 2008.

Downstream Allocation and Reconciliation

A total of nine submissions have been received on the Statement of Proposal for downstream allocation and reconciliation issued in September. As well as considering the issues raised in submissions, a factor to consider has been the rescheduling of "go live" for the gas registry until 9 March 2009. To be fully effective the proposed allocation and reconciliation rules need to have the gas registry in place.

The likely outcome is that an allocation and reconciliation "go live" date of 1 October 2008 will be retained but transitional provisions introduced to cover the different timing of the gas registry. An updated proposal containing these provisions and a response to other issues raised by submissions is in preparation. It has been decided to go through an updated proposal stage before taking a draft Recommendation to the Gas Industry Co Board.

The updated proposal is expected to be issued by about 18 December 2007. An industry workshop will be held on about 5 February 2008, to explain the updated proposal and its implications, and work through some of the technical details. A draft Recommendation will then go to the February 2008 meeting of the Gas Industry Co Board.

Appointments

Personal Assistant to the Chief Executive

Lorraine Biggs joined Gas Industry Co in the newly created position of Personal Assistant to the Chief Executive on 26 November 2007. Lorraine has previously worked for the Electoral Commission as Office Manager and several other organisations in senior EA/PA roles. Lorraine can be contacted on lorraine.biggs@gasindustry.co.nz or 04 472 1800.

External Relations Adviser

Jordan Small is joining Gas Industry Co as Strategy and External Relations Adviser. Jordan has law and social science degrees, with three years experience as a policy analyst at Inland Revenue and the last eighteen months in the National Research Unit in the Office of the Leader of the Opposition.



Coming Up

Gas Industry Co anticipates publishing the following consultation papers in the coming months:

- Levy Consultation Paper — 18 December 2007
 - Updated Proposal Downstream Allocation and Reconciliation — 18 December 2007
 - Supplementary consultation paper on Outage and Contingency Management — 18 December 2008
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Diary Dates

- Industry Workshop on 2008/09 Levy — 17 January 2008
- Closing date for proposals on the Switching and Gas Registry — 18 January 2008
- Industry Workshop on updated allocation and reconciliation proposal — 5 February 2008