



Rt Hon Jim Bolger, ONZ

**Update on Gas
Industry Co activities**

28 February 2006

- GANZ focus is safety, reliability and contingency planning
- Gas Act provides that the Minister can make regulations that include:
 - “Arrangements relating to outages and other security of supply contingencies”
 - Minister may only make such regulations if they implement a recommendation from the Gas Industry Co
- Gas Industry Co has a variety of work streams underway, including a review of gas outage contingency arrangements

Need for Change

Outage and Contingency Arrangements

- NGOCP is a voluntary arrangement
- No longer universally supported
- Requirement for arrangements that
 - Address commercial issues
 - Ensure parties face true costs
 - Incentivise economically efficient behaviour

Process for Change

- Considerable work needs to be done to achieve desired result
- The process to change the NGOCP will be transparent
 - Issues paper being developed
 - Scrutiny and technical input from working groups,
 - Stakeholder input sought through consultation papers
- Final recommendation to Minister is made by the Board, which has industry and independent directors
- Will ensure a principled but pragmatic solution

The Gas Industry Co

- Does not have the power to “bless” existing arrangements
- Not able to simply issue a revised NGOCP
- Can make a recommendation to the Minister for a mandatory rule based solution if this is desired
- Will build on the existing NGOCP in the design of its replacement

Values your support.