

Update

Dates and events

Transmission Pipeline Balancing

Submissions close: 17 August 2009

MPOC Change Requests

Submissions close: 31 July 2009

Industry Conference

11 August 2009

Registrations close: 4 August 2009

Annual Industry Conference

We would like to invite all stakeholders to Gas Industry Co's fifth annual conference on **Tuesday, 11 August 2009**, from 8.30am to 4.30pm, at the Intercontinental Hotel, Grey Street, Wellington.

The programme will include discussion of strategic issues in the sector, co-regulation in practice, the development of transmission access, balancing and wholesale market arrangements, together with retail issues. There will be opportunities for participants to discuss topics and issues with Gas Industry Co staff and speakers.

All participants are required to pre-register. Registration must be received by Tuesday 4 August 2009. You can register as well as view the draft agenda using the following link:

<http://www.gasindustry.co.nz/event/gas-industry-co-annual-industry-conference>

Please log on to the website in order to register. If you are not already a registered user, please create a new account by clicking on the button at the top right hand corner of the website.

Strategic Plan

The Gas Industry Co Strategic Plan has been published and sent to the Minister of Energy and Resources. To view the Strategic Plan, please click on the following link:

http://www.gasindustry.co.nz/sites/default/files/publications/StrategicPlan_2010-2012_Website_version.pdf

Transmission Pipeline Balancing

On 17 June, Gas Industry Co issued the Transmission Pipeline Balancing Second Options Paper. This paper presents a further set of options aimed at resolving the issues industry has been experiencing with transmission pipeline balancing. The closing date for submissions on this paper is Monday 17 August by 5.00pm. After we have considered submissions on the paper, we will prepare a Statement of Proposal outlining our preferred option. We anticipate that a recommendation will be made to the Minister before the end of the calendar year.

The paper and more information on this work stream can be found at:

<http://www.gasindustry.co.nz/work-programme/transmission-pipeline-balancing?tab=281>

Transmission Pipeline Balancing Workshop

On Wednesday 29 July, Gas Industry Co held a workshop to present the Transmission Pipeline Balancing Second Options Paper. The presentation is available at:

http://www.gasindustry.co.nz/sites/default/files/publications/Transmission_Pipeline_Balancing_Second_Options_Paper_Presentation.pdf

Downstream Reconciliation

Event audits

Following allocation participant concerns over high UFG for the consumption month of May, Gas Industry Co has escalated plans to conduct event audits at one or more of the affected gas gates.

Terms of reference for the appointment of an auditor were drafted and circulated for industry feedback and a shortlist of suitable candidates was put together with input from allocation participants.

Auditors have since been appointed to conduct event audits at the Greater Auckland and Tawa A gas gates, in respect of the May initial allocations. These gas gates were chosen as they exhibited the highest levels of UFG by volume for the May consumption month.

The results of the audits, including the extent to which causes of UFG are identified and resolved, will be used to inform future event and performance audits.

Exemption Applications

A consultation paper was released on three exemption applications, all from Vector, which relate to the provision of injection information under rules 41 and 42 of the downstream reconciliation rules.

The first application sought an extension of the general exemption granted in late 2008, and follows a report from Gas Industry Co concluding that extension would be appropriate. An Urgent exemption was granted by the Chief Executive to provide a temporary extension, as the original exemption expired on 30 April 2009.

The second application also sought an extension of an existing exemption, which was for 7 nominated gas gates with no gas gate meters and expired on 30 June 2009.

The third application was for a new situation and sought exemptions in regard to 3 gas gates which have inaccurate meters which do not warrant upgrading or other action.

Submissions were received and analysed and, following a recommendation to the Board sub-committee, the three exemptions were granted (or granted in part in the case of the second and third applications).

Minor amendments to the downstream reconciliation rules

Following industry consultation on a statement of proposal, issued in June, on minor and technical amendments to the Gas (Downstream Reconciliation) Rules 2008, the Board has approved a final draft of the amended rules incorporating changes as a result of industry feedback.

The next step is to provide a recommendation to the Minister of Energy on the minor and technical rule amendments.

MPOC Change Requests

30 April 2009

On 30 April 2009, Gas Industry Co received a change request from MDL seeking two changes to section 4.1 of the MPOC- to reduce the notice period for Mismatch prices from seven days to one day, and to amend 'days' to 'Day'. The change allows MDL to adjust its charges so that they more closely reflect the buy and sell prices in the balancing gas market. All six submissions received on the change request supported the changes. After having considered the submissions, Gas Industry Co prepared a Draft Recommendation which was issued on 17 July. Participants are invited to submit on the Draft Recommendation by 31 July 2009. If no submissions oppose the draft recommendation to proceed with the changes, Gas Industry Co will immediately release a final recommendation.

The draft recommendation and more information on the change request can be found at:

<http://www.gasindustry.co.nz/work-programme/mpoc-change-request-30-april-2009?tab=1370>

12 May 2009

On 12 May 2009, Gas Industry Co received a change request from MDL seeking to extend the current MPOC definition of the 'Payback Point' to allow it to be used as a virtual Receipt or Delivery Point at which Shippers may nominate quantities of gas related to balancing transactions. Five submissions were received on the change request. Four of the submissions supported the change request and one supported the change in principle but requested further changes be made in addition to the ones outlined in the original change request. After having considered the submissions, Gas Industry Co prepared a Draft Recommendation which was issued on 17 July. Participants are invited to submit on the Draft Recommendation by 31 July 2009. If no submissions oppose the draft recommendation to proceed with the changes, Gas Industry Co will immediately release a final recommendation.

The draft recommendation and more information on the change request can be found at:

<http://www.gasindustry.co.nz/work-programme/mpoc-change-request-12-may-2009?tab=1372>

Switching & Registry

Switching and registry compliance

The market administrator is continuing to process the compliance breaches being notified by the registry operator each month. Of the 62 breach notices alleged the majority have been found to be not material and six have been determined as raising some material issues and, accordingly, have been referred to the market investigator for investigation.

Proposed changes to registry operations

In an industry workshop held by Gas Industry Co in June, switching and registry compliance and operations issues were raised and discussed in order to harmonise the operation of the registry with respect to the switching rules, the compliance regulations and the interaction of registry participants.

The outcome of the meeting is that several changes are proposed to registry operations. The intention is to summarise the proposals in a paper which will be circulated for industry comment and feedback. The hope is that the proposals will help to reduce the incidence of non-material breaches referred to above.

Contingency Management

Critical contingency management plans

The expert adviser has recommended that the current set of proposed critical contingency management plans (CCMPs) should not be approved. Transmission system owners must therefore address the issues raised in the expert adviser's report and resubmit plans incorporating any changes resulting from the recommendation.

Compliance

Compliance Fees for FY2010

Estimated ongoing costs for the new financial year have been determined and published on the Gas Industry Co website. In line with the Board's earlier decision in November 2008, only costs external to Gas Industry Co will be recovered.

Actual ongoing costs for FY2009 will be published shortly, followed, no less than ten days later, by a wash up of the difference between estimated and actual fees in line with regulation 83 of the Gas Governance (Compliance) Regulations 2008.

Staff

Gas industry Co welcomes four new staff members.

Melanie Strokes recently joined Gas Industry Co as an Adviser Pipelines. Prior to joining us, Melanie was a Regulatory Analyst at Vector Limited. Melanie has a background in economics and has studied at Smith College, Harvard University and the University of Otago. Melanie spends her free time making crafts, watching movies and volunteering at the Wellington Cats Protection League.

Sandy Thambiah recently joined Gas Industry Co as the EA to Christine Southey. Prior to joining the company Sandy worked in the Office of the Prime Minister for the Rt.Hon. Helen Clark as her Private Secretary from 2002 to 2008 and before that worked at Saatchi and Saatchi, Wellington for nearly 5 years. Sandy's interests include languages, cooking and photography.

Greig Hinds joined Gas Industry Co from Lincoln University where he was part of the Vice-Chancellor's Office in the role of Secretary to Council. As well as university administration, his background includes Canadian health policy, independent NZ film production, electricity generation projects, and electricity distribution. He was part of the in-house legal team for InterGen (Hong Kong), a Shell/Bechtel joint venture, and before that was Company Secretary for Vector. With interests in gym, cycling, rugby, and food, Greig and his wife Tracey are looking forward to actively exploring the café and restaurant scene on offer in Wellington.

Pamela Caird joined the Gas Industry Co as Senior Adviser in the Markets team. Pamela previously worked as an energy consultant for Saha International, and her background includes work on energy and regulatory issues at Contact Energy and the Ministry of Economic Development. Pamela has an MPA from Columbia University and is also a graduate of the University of Pennsylvania and Rice University. Her energy-related interests include finding the stamina to keep up with her six year old son; she also enjoys travelling to new places, growing tomatoes, making quilts, and trying new restaurants.