



Infrastructure Access Group

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2009 Annual Conference

11 August 2009



Infrastructure – our challenge

Access arrangements are
a bit like an old house...

It's lovable and liveable,
but we're just going to
have to fix it up to meet
the 'building code'- the
Gas Act





The Gas Act- IAG 'Building Code'

- ✓ to ensure that gas is delivered to existing and new customers in a safe, efficient, and reliable manner
- ✓ the facilitation and promotion of the ongoing supply of gas to meet New Zealand's energy needs, by providing access to essential infrastructure and competitive market arrangements
- ✓ barriers to competition in the gas industry are minimised
- ✓ incentives for investment in gas processing facilities, transmission, and distribution are maintained or enhanced
- ✓ delivered gas costs and prices are subject to sustained downward pressure
- ✓ risks relating to security of supply, including transport arrangements, are properly and efficiently managed by all parties
- ✓ consistency with the Government's gas safety regime is maintained



Infrastructure Access Group (IAG)

IAG is responsible for a number of work streams:

- Transmission Pipeline Balancing
- Upstream reconciliation
- Gas processing disclosures
- MPOC/VTC code changes
- Interconnection arrangements
- Distribution access



The IAG toolbox

Some of the tools we use include:

- Rules
- Guidelines
- Research Reports
- Workshops and presentations
- Advisory groups
- Code change roles (MPOC/VTC)





Balancing – fix up those foundations

This is the biggest job...

- We've spent a long time inspecting the problems
 - o Maui Open Access began in October 2005
 - o issues first analysed in 2006
- Some repairs have been made
 - o legacy is gone
 - o balancing market developed
- Inspectors have now suggested a number of reasonably practicable options for fixing things up
 - o consulting on the Second Options Paper





Balancing – fix up those foundations

With foundations, there is only so much you can do with hand tools...

- We've done plenty of digging to identify the problems
 - o issues first identified in 2006 Transmission Access Issues Paper
 - o MDL facilitated six months of industry workshops in 2007
 - o worked with the balancing advisory group
- We've jacked a few things into the right positions
 - o a few balancing related MPOC and VTC changes
 - o more work can be done on tolerances and D+1





Balancing – fix up those foundations

But there is still a split right through the foundations and it's going to take some serious grunt to fix that up...



- We could need some heavy machinery...
 - o By end of year regulations could be recommended to the Minister to provide:
 - o Single balancing regime + single balancing agent
 - o For costs to go to causers
 - o Clear and transparent roles, functions, responsibilities
 - o Transparent transactions
 - o A single compliance and disputes regime





Upstream reconciliation - new floorboards

Once we've fixed up the foundations,
let's look at the stuff that sits on top...



- Any floorboards need replacing?
 - o Upstream reconciliation/tile tracking project on hold until we have more direction on balancing
 - o Work will begin on mid-2010
 - o Tools?





Gas Processing Facilities - leaky roof?

Is there a problem here?



- Sometimes taking a look is enough...
 - o 2004 GPS required Gas Industry Co to develop, and submit to the Minister of Energy for approval, 'protocols that set reasonable terms and conditions for access to gas processing facilities'
 - o We reported to Minister that we were not convinced there was a problem, so recommended rules to -
 - o Make information available on capacity
 - o Monitor responses to requests for 3rd party access
 - o Allow us to report to the Minister in five years on need for action, if any



Gas Processing Facilities - leaky roof?

- There is a lot to be said for regular inspection...
 - o Gas (Processing Facilities Information Disclosure) Rules 2008 came into force on 27 June 2008
 - o There have been two rounds of disclosures
 - o So far, no major issues identified
 - o Rules expire in 2014 unless extended by the Minister





Interconnection - new doors?

- Doors aren't very inviting at the moment...
 - o Poorly defined interconnection processes
 - o Technical requirements change during projects
 - o Roles & responsibilities confusing
 - o Liability/insurance matters late to be addressed
- Maybe we just pick some new doors from the catalog...
 - o Interconnection Guidelines issued in February 2009
 - o To be reviewed in September 2009

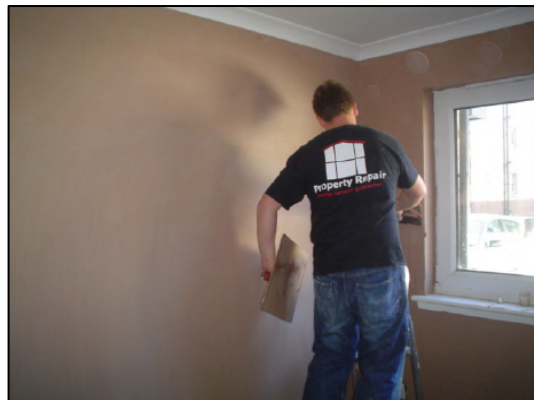




Distribution access – interior walls

Another job for the building inspector...

- Plastering? Paint job? Leave it be?
 - o Prescribe access terms and conditions?
 - o Facilitate pan-industry agreement on relevant issues?
 - o Leave it be?





MPOC/VTC Changes - plumbing issues

Occasional maintenance required...



- Sometimes you need heavy equipment... other times a plunger will do...



- o Minor changes can take 4 months
- o Changing Gas Industry Co approval process
- o Amending MoUs with Vector and MDL to provide more flexibility





Design and implementation...

Help us avoid...





In conclusion

It's liveable, but not up to Code

- No need to tear it down, but some serious work is required
- We just have to use the right tools for the job
- Sometimes inspection is enough
- Sometimes heavy machinery is needed
- With your help we can avoid this...
- And we'll use minimum force wherever possible...



Good job!





Thank you

Are there any questions?



IAG-upcoming work

Balancing	<ul style="list-style-type: none">• Submissions on 2nd Options Paper due 17 August• Issue SoP in October & make recommendation before end of year• Explore possibility of facilitating industry meetings
Interconnection	<ul style="list-style-type: none">• Review to begin in September
Upstream reconciliation & distribution access	<ul style="list-style-type: none">• Work to start mid 2010• Issues please!• Possibility to form industry group
Amendments to MoUs	<ul style="list-style-type: none">• Work with Vector & MDL to finalise before the end of the year