



GAS INDUSTRY COMPANY LIMITED



Transmission Access

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August 2008

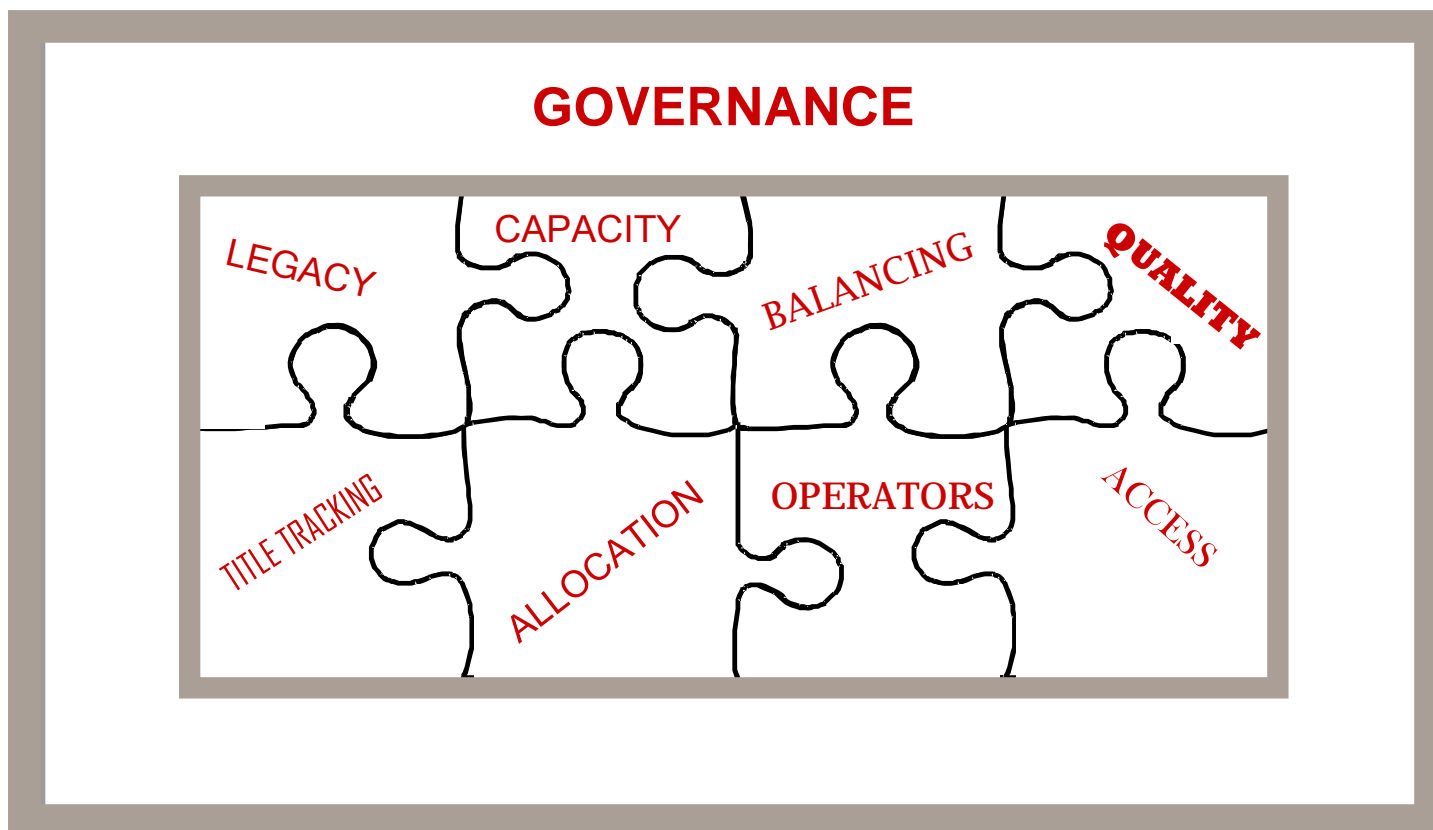


Agenda:

- 2007 Transmission Access Statement of Proposal (SoP)
- Draft Gas Transmission Access Regulations (GTARs)
- Submissions on SoP
- New route... same destination
- Immediate priorities

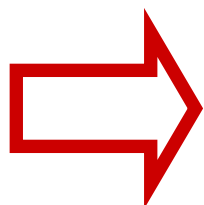


2006 Transmission Access Issues Paper

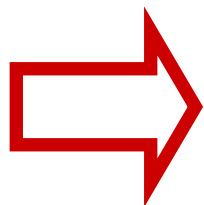




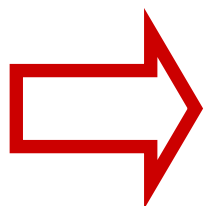
Various work streams emerged...



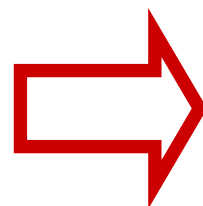
Balancing



Capacity



Governance



SoP



Governance work stream

Regulatory Objective:

To define a transmission access framework that facilitates competition in the upstream and downstream gas markets, recognising the natural monopoly characteristics of gas pipelines.

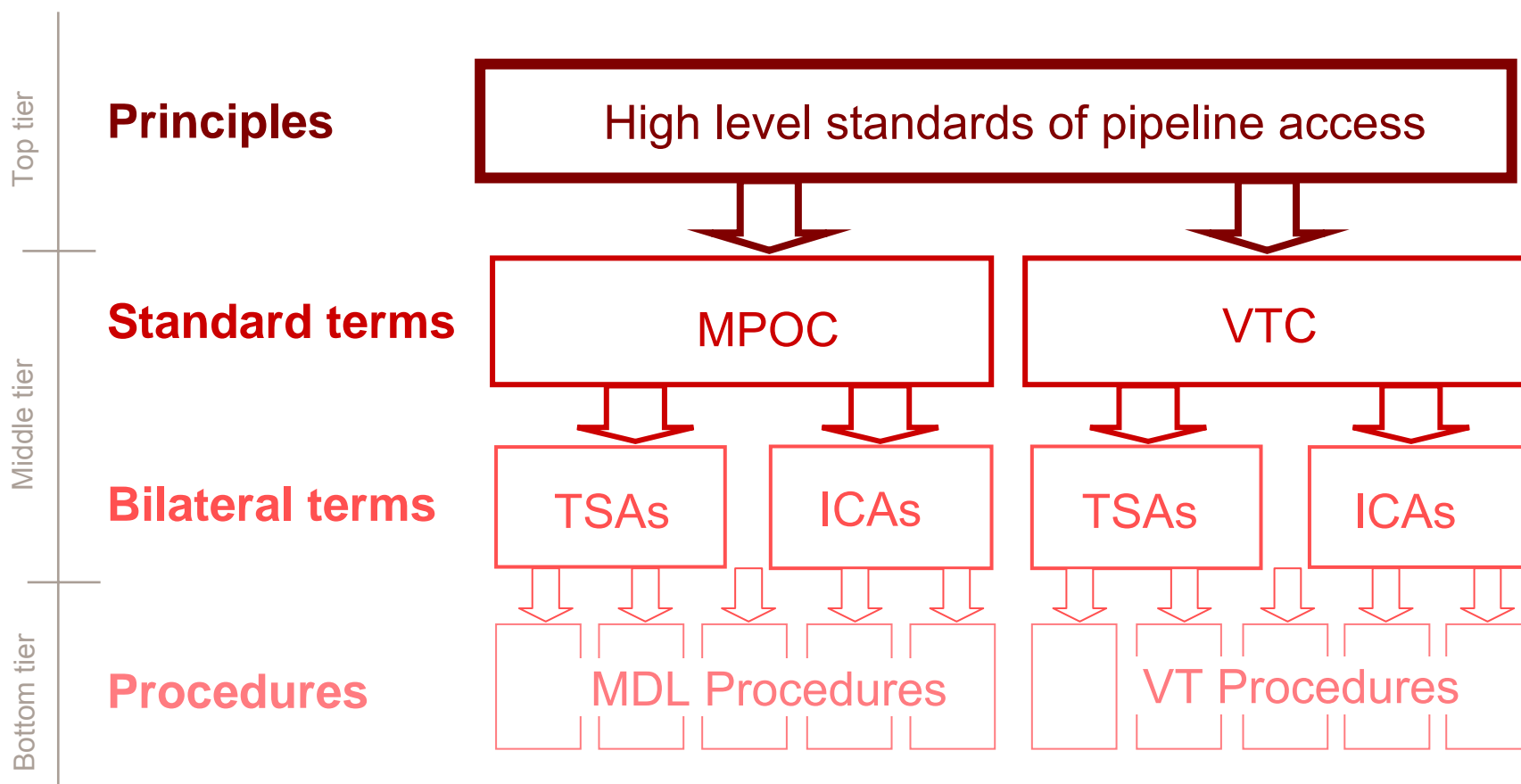
The access framework will address matters such as:

- new entrant access rights to pipeline services;*
- the management of multilateral arrangements; and*
- the management of conflicts of interest.*

(SoP section 5.15)



Model for analysing options...





Options considered:

<i>Similar to:</i>	Minimal change <i>Current Arrangements</i>	Industry Club <i>Intended NZPAC</i>	Light Regulation <i>Issues Paper</i>	Full Regulation <i>Electricity Commission</i>
Top Tier (principles)	NZPAC adapted to be pipeline owner governed	NZPAC renegotiated	Regulations developed by Gas Industry Co	Regulations developed by Gas Industry Co
Middle Tier (terms)	MPOC/VTC	MPOC/VTC	MPOC/VTC	Regulations replacing MPOC/VTC
Bottom Tier (procedures)	Developed by Pipeline Owner	Developed by Pipeline Owner	Developed by Pipeline Owner	Developed by Pipeline Owner



The SoP 'Light Regulation'

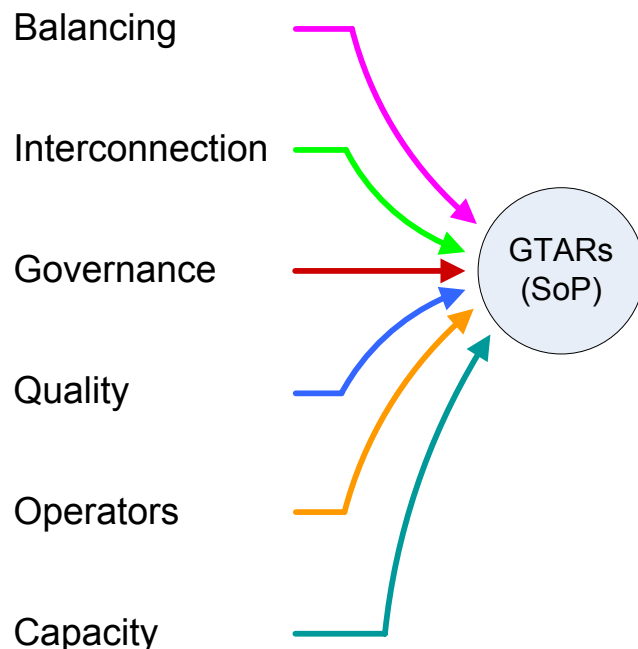
- Preserved industry investment in
- Allowed for evolution of arrangements
- Balanced power of pipeline users
 - Establishing principles
 - Specifying minimum service
 - Improving transparency
 - Introducing common code change

GTARs required pipeline owners to publish policies on:

- Access
- Negotiation
- Queuing
- Pricing
- Change of Receipt or Delivery Points
- Authorisation
- Renewals
- Nominations
- Interruptions
- Mismatch
- Interconnection
- Imbalance Aggregation
- Ring fencing
- Code change
- Information system



GTARs were comprehensive:



The GTAR framework:

- Preserved industry investment in MPOC & VTC
- Allowed for evolution of arrangements
- Balanced power of pipeline users and owners by
 - Establishing principles
 - Specifying minimum services
 - Improving transparency
 - Introducing common code change and dispute arrangements



What the submissions said:

A few key topics...

- The Light Regulation approach
- Scope of GTARs
- Level of prescription
- Process for amending codes
- Ensuring compliance with codes and regulation



GTARs carry legal risk ...

‘Vector believes that the regulations included as part of the Proposal fall well short of prescribing any substantive terms and conditions, the detail of which is left to existing industry codes. Vector therefore considers that the Draft Gas (Transmission Access) Regulations may not be compliant with the requirements of section 43F(2)(c) of the Gas Act.’



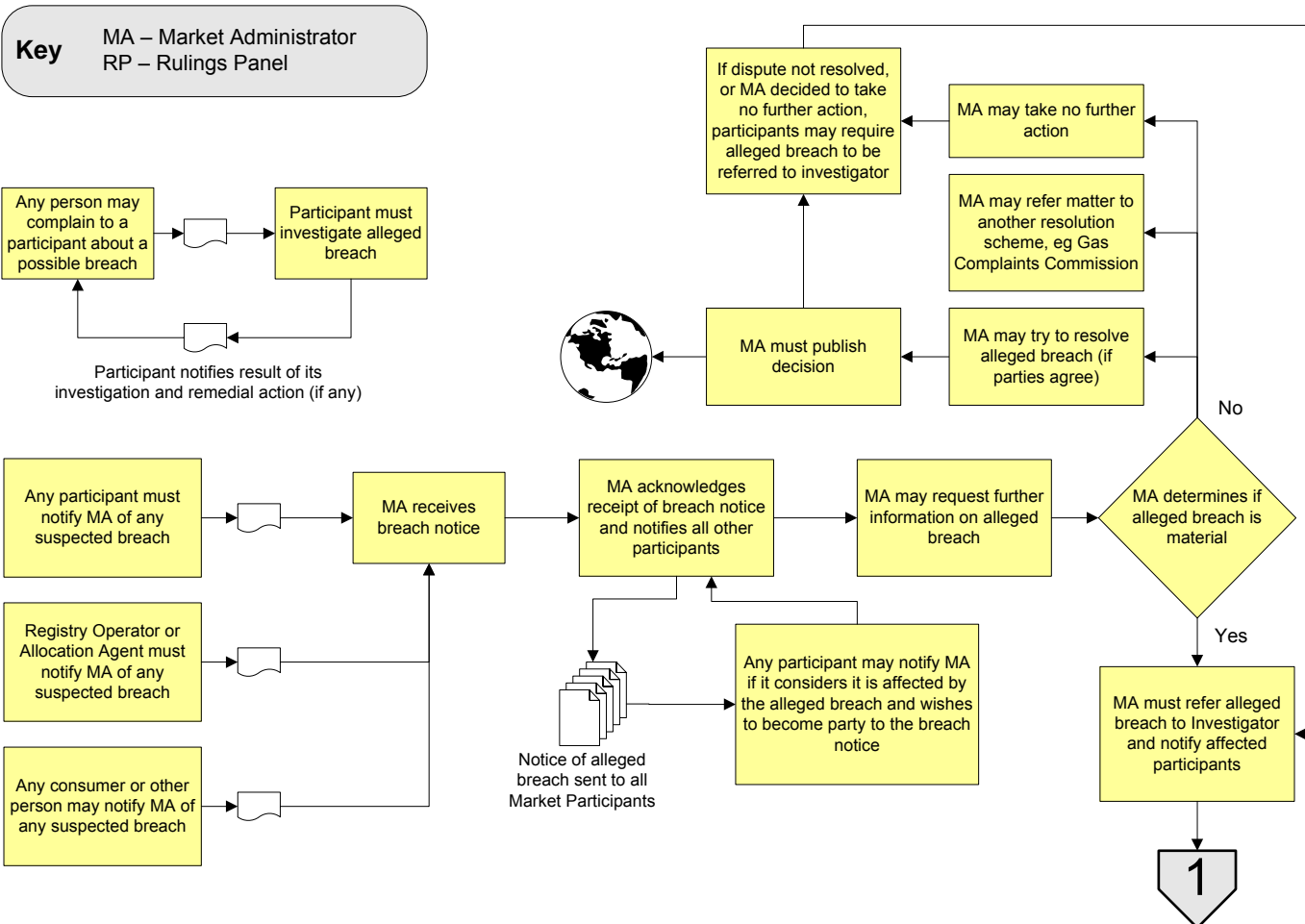
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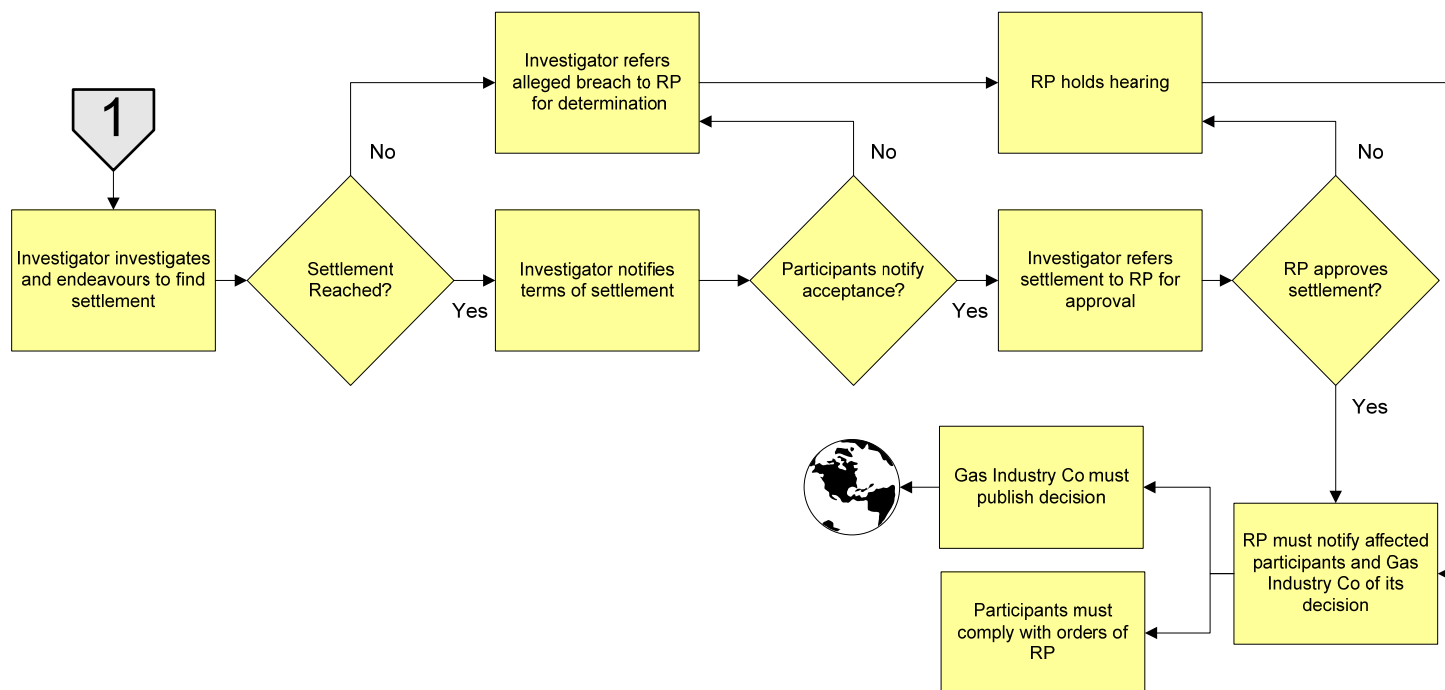


Compliance Regime





Compliance Regime (continued)

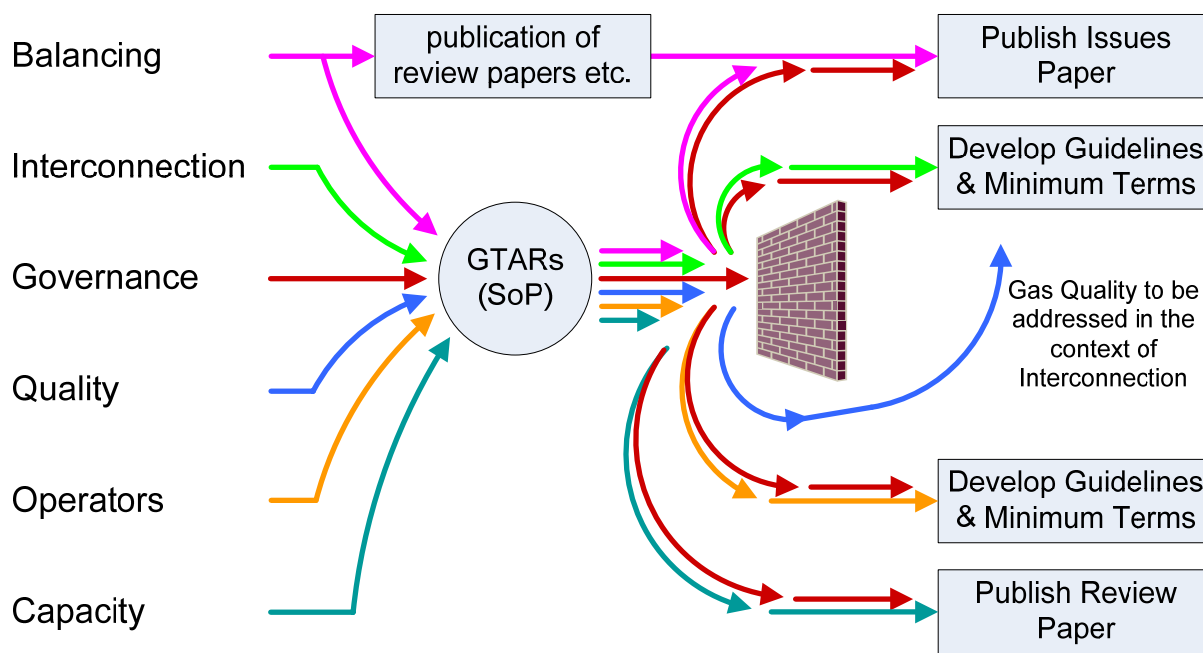




Focus on work streams ...

WORK STREAM

Next Step





Transmission access work stream priorities

- Balancing
- Interconnection (+ Quality)
- Capacity
- Gas Act change