Gas Industry Co

QUARTERLY REPORT

December 2011

FROM THE CHIEF EXECUTIVE

The gas sector in New Zealand, and internationally, continues to be dynamic and challenging. Few in New Zealand are aware of the major developments with gas internationally beyond the important, but potentially misleading, debate around "fracking". Ensuring that gas is developed in a sustainable manner reflects both government policies and industry leadership, but inevitably involves careful judgements. Globally, the rapid growth of unconventional gas offers a major opportunity to reduce the world's heavy dependency on coal. Robust environmental management is a given, but debate should continue in this area to get best outcomes for New Zealand.

In New Zealand, securing medium to long term gas supplies remains a primary focus. The level of activity and increasing organisation of the upstream industry are heartening, as are significant developments like the recently announced deal for Todd Energy to further develop its Mangahewa field to underpin a 10-year supply contract to Methanex and the reopening of its second train at Motunui.

Maintaining arrangements for robust and competitive domestic gas markets remains the core of Gas Industry Co's role. Our Industry Performance Measures Report (included in this Quarterly Report) continues to paint a picture of competitive customer markets, highlighted in the September-December 2011 quarter by increased churn flowing from the Electricity Authority's "What's My Number Campaign" and improvements in consumer contract terms measured in Gas Industry Co's Retail Contracts Oversight Scheme.

Our focus on gas transmission issues continues, and the quarter has seen the emergence of a broad and constructive platform of action aimed at getting more efficient use of Vector's North Pipeline and laying the groundwork for potential future investment. Key developments include a broad new commitment of the industry to this work and increased clarity that there is potential for greater use of the existing capacity.

Notably this has included a new programme of information disclosure and consultation by Vector Transmission around operation of its pipelines. Vector reporting confirms that all requests for North Pipeline capacity were met for the current gas year (commencing 1 October 2011). In Gas Industry Co's view the report adds important information for our developing programme seeking more efficient use of the North Pipeline.

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Auckland demand is getting peakier, and load factors on the section of the pipeline north of Rotowaro were down (59% last year compared to 77% six years ago). In particular, Auckland gas-fired power stations which have around 60% of reserved ("firm") capacity in the North Pipeline, are being run less as baseload plants. This creates potential to free up transmission capacity (on an interruptible basis), and Gas Industry Co is encouraging the station operators and Vector Transmission to work quickly through their commitment to remove existing controls on trading that capacity, while preserving the power station's access to capacity to ensure they can continue to play their key strategic role in providing security of electricity supply for Auckland when required. We are also encouraging end users to engage with those parties to creatively explore new demand-side arrangements that could take advantage of these opportunities.

Good progress is accordingly being made on transmission issues, but delivering improved outcomes for gas consumers and the wider economy remains the key goal.

The period also saw a major outage on the Maui pipeline, which affected many consumers, including large businesses. The Maui pipeline and other gas infrastructure have been very reliable over the industry's 40 years, but the event highlighted:

- the ongoing importance of gas to the economy;
- the importance of maintaining resilient infrastructure; and
- the importance to businesses of contingency planning.

The issues go beyond the Maui pipeline and gas, and Gas Industry Co will use the event to encourage businesses to think about their range of business interruption risks and the need to invest in back-up arrangements in the event of the loss of infrastructure services.

Reviews of the event, including the framework for contingency management set by Gas Industry Co's Critical Contingency Regulations, are well advanced and the Company will be focussed on ensuring that learnings are addressed.

Steve Bielby
Chief Executive

Industry Performance Highlights

This Quarterly Report includes a full report (**page 11**) on the industry's performance against the Switching Rules, the Reconciliation Rules, and the Critical Contingency Management Regulations in the three months ended 30 September 2011. Highlights include:

- Balancing volumes continue to fall, with volumes in the 2011 calendar year being less than 10 percent of annual balancing volumes in 2008.
- Customer switching activity dipped in December 2011 and January 2012, consistent with previous holiday season patterns. The annual switching rate is about 16 percent.
- On an annual basis, unaccounted-for-gas (UFG) volumes continue to track below 1.5 percent of allocated gas volumes.
- The proportion of gas customers connected to gas gates where seven or more retailers operate has risen from about 77 percent in January 2011 to nearly 91 percent in January 2012.

Bridge Commitments - good progress, but few tenders

A Gas Industry Co progress report on 3 February confirms that the Bridge Commitments initiative – introduced in August 2011 to resolve perceived short-term competition issues on Vector Transmission's North Pipeline – has made good progress. However, there have been insufficient tenders to evaluate the effectiveness of the primary commitment for incumbent shippers to make capacity available to other shippers, and more work is needed to implement some others.

The package of seven commitments was adopted by Vector Transmission and the majority of shippers on the North Pipeline to create a bridge to longer term solutions being addressed by Gas Industry Co and industry participants under the Gas Transmission Investment Programme (GTIP).

The main commitment is for incumbent shippers to make capacity available to other shippers when one of its large customers seeks competitive tenders for a new gas supply contract. If requested by competing shippers, the incumbent shipper must provide an offer to sell some capacity at a price that reasonably reflects the value of that capacity to the shipper and, to the extent practicable, at a quantity reflecting the end user's demand.

Other commitments relate to the provision of tender information to Gas Industry Co to evaluate the effectiveness of the measures, the post-tender public disclosure of capacity and quantity information on OATIS, establishing terms for the transfer of transmission capacity available to power stations under currently non-code shipper agreements, and the development of a Bulletin Board platform to facilitate open and transparent trading of capacity.

Gas Industry Co's progress report finds the Bridge Commitments have made good progress, and acknowledges the substantial work to date by Vector Transmission and the shippers. A Bulletin Board (the Gas Transmission Exchange – TGX) has been developed to provide a basic bid-matching service and discussions are occurring in previously unexplored areas like power station capacity trading. Bridge Commitment activity is also generally facilitating work on the longer-term arrangements.

In November, all shippers, including a non-signatory to the Bridge Commitments, agreed to a request by Gas Industry Co for individual shipper daily capacity reservations and delivery information across the transmission system. This information will help the Company understand and assess the extent of the North Pipeline capacity constraint, the efficiency of the current capacity allocation mechanism, and the need for asset investment.

The information will also be useful for a GTIP supply/demand study, as the information will provide an insight into demand seasonality, as well as the interplay between annual and peak daily demand.

The progress report finds, however, that there have been an insufficient number of large end user tenders to date to evaluate the effectiveness of the main commitment for incumbent shippers serving large end users to offer capacity to other shippers.

Gas Industry Co is aware of two capacity offers by incumbent shippers to large customers which tendered their supply; neither offer was accepted.

Switching registry records show that four large end users on the North Pipeline switched to new shippers during the four months, but they did not involve requests to the incumbent shippers to offer capacity. It is possible other tenders may have occurred where the customers chose to stay with their existing shipper.

The low level of activity is not unexpected, given there are only about 200 major user sites (those with Time of Use meters) supplied from the North Pipeline. Some tender their supply only every few years, or renew arrangements with their current shipper without testing the market.

Information on capacity offers to date has been publicly posted, but more tender processes are needed before the effectiveness of this commitment can also be fully assessed.

The potential freeing up of power station transmission capacity has yet to be realised. Power station capacity accounts for about 60 percent of all capacity on the North Pipeline. The power stations serviced by the North Pipeline are being run differently than in the past, suggesting that some capacity could be freed for other users.

Gas Industry Co understands that Vector Transmission and power companies holding transmission capacity under supplementary and non-code shipper agreements are close to concluding amended arrangements to remove restrictions that currently prevent that capacity from being utilised by large end users. While there is no commitment to trading of this capacity, Gas Industry Co looks forward to the imminent arrangements for trading being put in place and believes that there is significant potential for freeing up of that capacity given the reduced operation of the power stations.

Meanwhile, as part of the Bridge Commitments, Vector has released a report, *North Pipeline Review as at 1 October 2011,* which explains how capacity is allocated and provides information on capacity entitlements and use, as well as pipeline performance during peak demand.

The report shows that while overall annual offtake north of Rotowaro declined by 18 percent over the last six years, peak daily offtake increased by 7 percent in the same period. This presents opportunities to increase annual throughput on the pipeline, and challenges to facilitate more flexible peak demand arrangements.

Gas Industry Co's progress report can be found on Gas Industry Co's website at http://gasindustry.co.nz/sites/default/files/u254/bridge_commitments_progress_report.pdf, and more detail on the bridge commitments is available at http://gasindustry.co.nz/work-programme/short-term/bridge-commitments

GTIP: Scope confirmed and full programme planned for 2012

The GTIP is well underway and has received strong support from the industry. During the quarter, the Panel of Expert Advisers (PEA) held three meetings and completed its initial task of reviewing the scope of the Gas Transmission Investment Programme (GTIP) The scope, as initially proposed by Gas Industry Co, was generally confirmed by PEA and subsequently endorsed at the inaugural meeting of the Panel of Strategic Advisers (PSA) on 19 December.

The scope review was undertaken to consider whether GTIP's component projects are right, are necessary and sufficient to ensure the objective of the GTIP is met. The objective is to:

- ensure that existing and future gas transmission assets are used efficiently;
- establish the need for gas transmission investment; and
- develop an effective pathway for efficient gas transmission investment to take place.

A series of presentations to the PEA meetings by Gas Industry Co and external specialists have helped to prepare the ground for a full work programme during 2012, which is expected to culminate in development of preferred access arrangements for Vector's system in Q1 of 2013. The presentations are available with other PEA meeting material on Gas Industry Co's website.

The PEA work plan for 2012, to be confirmed at the Panel's meeting in February, has a focus on a review of Vector's current access and pricing arrangements, identifying and shortlisting practical access regime options and ultimately recommending a preferred option.

At the same time, Gas Industry Co has appointed Concept Consulting to assist in the development of a detailed gas supply/demand outlook study. This significant initiative, part of the GTIP Information project, will help inform market investment decisions and planning. Similar to supply/demand studies for electricity in New Zealand and for gas in Australia, the gas supply outlook study will complement existing Ministry of Economic Development work on an electricity statement of opportunities, as well as the Energy Data File and Energy Outlook publications.

The Information Gathering Proposal (discussed on page 7) is also being pursued in parallel to the GTIP, but will apply more broadly to Gas Industry Co's work. With respect to the GTIP, this information gathering process has the potential to assist in the development of market arrangements.

We also note that Vector has commenced a consultative process to review its transmission pricing methodology.

Proposed FY2013 Strategy, Work Programme and Levy

Gas Industry Co has commenced a comprehensive consultation process with industry stakeholders on its strategy, work programme and funding requirements for the financial year ended 30 June 2013 (FY2013).

The process began with the annual Co-regulatory Forum in November, when Gas Industry Co set out its indicative work programme and funding requirements to stakeholders.

Feedback from the Co-regulatory Forum has subsequently been incorporated in a Statement of Proposal on the FY2013 Strategy, Work Programme and Levy, issued for industry comment in December.

The Statement of Proposal was the centre of further discussions at an industry workshop on 2 February, and formal submissions are due by 10 February.

Following analysis of submissions, Gas Industry Co will finalise its draft Strategic Plan, work programme and recommendation for levy regulations for approval by its Board, and subsequently by the Minister of Energy and Resources. Several statutory steps are then required for the formal Levy Regulations for FY2013 to be in place by 1 July 2012.

Priority activities proposed by Gas Industry Co for FY2013 are:

- developing long-term transmission access and capacity solutions through GTIP.
- delivering on other outcomes committed to in the current Strategic Plan – including transmission pipeline balancing, improved gas quality regulations, retail gas contract assessments, and distribution contract principles.
- administering existing market arrangements (Switching Rules, Reconciliation Rules, Critical Contingency Management Regulations and Compliance Regulations) and completing reviews and/or improvements to some of those arrangements (Reconciliation Rules and Compliance Regulations).

The proposed FY2013 budget anticipates total expenditure to equate closely to the anticipated expenditure for FY2012, including unplanned, and therefore unbudgeted, expenditure in FY2012 associated with GTIP.

The proposed work programme seeks to balance the need for financial restraint, with Gas Industry Co’s obligations to deliver on Gas Act and Government Policy Statement objectives for gas sector arrangements, as well as its wider strategic goals of building efficient, competitive and confident markets.

Maui pipeline outage: Response process generally sound – but important that learnings captured

Reports by the Critical Contingency Operator (CCO) on the five-day Maui Pipeline outage in late October 2011 have confirmed the general effectiveness of the Gas Governance (Critical Contingency Management) Regulations 2008 (Critical Contingency Management Regulations) in directing the gas industry's response to major supply emergencies, and identify areas for improvement.

The CCO is required to provide two reports on critical contingency events. The first, an Incident Report, outlines the cause and duration of the event, actions taken by the CCO and transmission system owner, and the level of general compliance by retailers and consumers with directions issued during the event.

The Maui Pipeline outage Incident Report issued on 4 November, found the cause to be a gas escape through a 120mm long split in a seam weld.

It concluded that general compliance levels by retailers and large gas consumers, particularly with gas use curtailment notices, "appeared to be very good… as borne out by the significantly reduced demand levels observed on the system during the critical contingency."

It also pointed to some areas for improvement, particularly around the information provided by retailers in curtailment compliance updates, and the process for designating consumers as essential service providers.

The second CCO report, a Performance Report, assesses the effectiveness of the critical contingency arrangements during the event and identifies areas where those arrangements can be improved.

The Maui Pipeline contingency Performance Report, was issued on 21 December, following wide consultation by the CCO with industry participants, including feedback on a draft report.

Overall, the Performance Report concludes that the system worked well and achieved the purposes for which it is designed.

Feedback received by the CCO in preparing the Performance Report resulted in a number of CCO recommendations for practical and technical improvements, including in documentation and communications, which the CCO will follow through.

The CCO also recommends a number of improvements to the broader critical contingency regime, including suggested actions by Gas Industry Co for regulatory and process changes, particularly in the areas of:

Compliance process for breach allegations

Gas Industry Co has received three notices alleging breaches of the Critical Contingency Management Regulations arising from the Maui pipeline outage in October.

The notices, served by the Critical Contingency Operator (CCO), are being assessed by the Market Administrator for materiality as the first step in the compliance process.

As required by the Compliance Regulations, particulars of the breach notices have been sent to industry participants. Details are not publicly disclosed while the alleged breaches are subject to the Market Administrator's assessment. Once made, the Market Administrator's determination of materiality will be published on Gas Industry Co's website.

The CCO is required to allege a breach where it has reasonable grounds to believe a breach has occurred. The compliance process involves:

- an initial determination by the Market Administrator as to whether or not the alleged breach is material. The Compliance Regulations list a number of factors to be taken into an account when determining materiality. These factors include matters such as whether the breach has a material impact on the operation of the market.
- if deemed material, the alleged breach is passed to the Investigator who will endeavour to reach a settlement involving the participant allegedly in breach and any parties joined to the breach.
- if a settlement is reached, it is referred to the Rulings Panel for approval.
- if no settlement is reached, the breach is referred to the Rulings Panel for determination in a quasi-judicial process.

Affected parties have been given the opportunity to participate in the compliance process.

- curtailment band definitions.
- the process for applying a regional or national designation of a contingency event.
- accommodating partial restoration of supply.
- compliance incentives.
- the post-event review process.
- improving general industry and wider public knowledge and understanding of the critical contingency system.

Gas Industry Co intends to undertake a review of the effectiveness of the Critical Contingency Management Regulations, including an assessment of the CCO's recommendations. The purpose of the review will be to ensure that the critical contingency management processes in place are as effective as possible in managing any future significant event.

The Company will also discuss wider policy issues with other agencies (Electricity Authority, Transpower/System Operator and Department of Labour – recognising the wider implications of a major disruption to gas supply – and contributing as required to a broader review being undertaken by the Ministry of Economic Development at the request of the Minister of Energy and Resources.

Information Gathering Project Statement of Proposal

Gas Industry Co has issued for industry comment a proposal to broaden its information gathering ability. The objective is to ensure the supply of certain information from industry participants to settle particular issues in the gas industry to aid in the timely development of market solutions. Submissions are due by 17 February.

Gas Industry Co has limited the scope of this proposal to those issues it considers are the most current and significant to be addressed in the short to medium term. These include transmission capacity and access, insolvent retailers, gas quality, transmission interconnection, wholesale gas trading and access to private pipelines. The Statement of Proposal identifies the specific issues to which an information gathering regime would apply and notes safeguards that would be put in place around confidentiality and the extent of information to be sought.

Gas Industry Co considered a range of options, including maintaining the status quo and continuing to rely on industry participant goodwill. It also looked at implementing targeted regulations under the Gas Act provision, relying on information held by other agencies such as the Commerce Commission, and establishing an industry-agreed protocol.

Gas Industry Co's assessment, detailed in the Statement of Proposal, is that none of these alternatives gives assurance the Company would receive the information needed for formulating market solutions, or that it would be received in a timely manner.

Gas Industry Co is responsible for ensuring efficient and competitive gas markets. It considers that access to information is critical both to achieving these objectives, and to enabling industry participants to make well founded business decisions.

In the past, Gas Industry Co has generally been able to work around information availability difficulties. However, with recent issues, including transmission pipeline capacity, gas quality and access to private transmission pipelines, shortcomings in the information participants have been willing to provide have impacted on the Company's ability to analyse the issues and has caused delays to policy development work.

In keeping with established procedures, Gas Industry Co will seek voluntary disclosure of information in the first instance. However, if this is not forthcoming, the proposal will enable the Company to require disclosure of the information sought.

As intended by the Gas Act, the information sought from time to time will be on specific matters, and for a specific purpose. It will not involve a standing disclosure process requiring regular reporting.

Downstream Reconciliation Review - Options Paper

Gas Industry Co is seeking industry input to a review of the Gas (Downstream Reconciliation) Rules 2008 (Reconciliation Rules).

Gas Industry Co monitors gas industry arrangements for their continuing effectiveness and to identify where improvements can be made. The Reconciliation Rules have been operating for three years and the intention of this review is to improve a number of technical aspects, rather than re-evaluate their underlying intent and purpose.

An Options Paper has been issued, with submissions due by 6 February.

The Reconciliation Rules prescribe the process for volumes of gas leaving the high pressure system to be reconciled with volumes consumed by end users and appropriately attributed to the retailers responsible for them.

Benefits of the move to the Reconciliation Rules include:

- a more equitable allocation of unaccounted-for gas among participants;
- decreased volumes of unaccounted-for gas;
- increased confidence and efficiency of the gas market;
- more readily identifiable anomalies in consumption data through greater information transparency and auditing.

The Options Paper canvasses a number of issues, including options for improving the accuracy of the initial allocation, dealing with atypical gas gates, correcting AUFG factors, allocating fees, and granting exemptions. Gas Industry Co will take feedback from submissions into account when developing recommendations for changes to the Reconciliation Rules.

A Statement of Proposal, is expected to be issued in June, will provide participants with a further opportunity to comment.

New proposal for transmission balancing

Gas Industry Co is considering a further proposal from Maui Development Limited (MDL) for changes to gas transmission balancing arrangements. A Maui Pipeline Operating Code (MPOC) change request in October 2011 proposes a "back-to-back" balancing framework among a series of changes that seek to resolve a long-standing issue for the industry.

The proposed changes also include new peaking charges, mechanisms to better target balancing charges to causers, and the expansion of information published on the Balancing Gas Exchange (BGX). MDL submits that the proposed changes will improve balancing efficiency, enhance transparency, provide industry participants with greater certainty about their exposure to balancing charges and, through tighter compliance incentives, put downward pressure on balancing gas volumes with savings to end users.

MDL acknowledges that the proposed changes have implications downstream for Vector's transmission system and undertakes to work with Vector on coordinating the implementation of the proposed new regime.

Submissions on MDL's change request closed in November, with eight participants providing comment. The proposal generally received conditional support, with a number of submitters suggesting additional changes.

In December, Gas Industry Co invited cross-submissions, which closed on 31 January 2012. Following evaluation of the cross-submissions, Gas Industry Co expects to release its draft recommendation for consultation in mid-

February. Submissions on the draft recommendation will be required by 13 March and Gas Industry Co expects to release its final recommendation in mid-April.

Gas Industry Co and industry participants have been addressing improvements to transmission balancing arrangements for about five years. Regulated and voluntary options have been explored, however changes to the MPOC are proposed as preferable to regulated alternatives.

Full details of the proposed MPOC changes and submissions are available on Gas Industry Co's website (click here).

Retail Contracts Oversight Scheme

Gas Industry Co is preparing for the third assessment of retail gas contracts, to be conducted as at 1 July 2012.

As set out in the September Quarterly Report, a transitional assessment of retail gas contracts, undertaken in 2011, showed "moderate" overall compliance with contract benchmarks introduced in 2010. This result, as at 1 July 2011, was unchanged from the outcome of a baseline assessment conducted in June last year.

The baseline and transitional assessments, undertaken by an independent assessor, Elwood Law, were made under the Retail Contracts Oversight Scheme endorsed by the Government in May 2010. The results of the baseline and transitional assessments were published at a consolidated level. Individual results were not publicly released.

The transitional assessment evaluated 10 gas supply arrangements across seven retailers and covered published standard terms for gas retail supply contracts for consumers (residential and business) using less than 10 terajoules (TJ) a year. The assessment is based on a qualitative scale of "Full", "Substantial", "Moderate" and "None". Click here for the full transitional assessment report.

There has been constructive engagement with retailers and Gas Industry Co is encouraged by indications that retailers are taking active steps to improve their retail contracts to achieve greater alignment with the benchmarks. A feature of the 2012 assessment is that results for individual retailers will be made public for the first time.

The Scheme reflects policy objectives for positive consumer outcomes, and is designed to ensure gas retail contracts protect the long-term interests of small gas users.

Distribution contracts assessment framework

An assessment framework for arrangements on gas distribution systems is expected to be issued for consultation in February.

Gas Industry Co issued draft Principles for Arrangements on Gas Distribution Systems in 2011. This followed a review of distribution contract arrangements to fulfil the Government Policy Statement outcome of ensuring industry participants and new entrants are able to access distribution systems and related services on reasonable terms and conditions. The review found no major issues, but identified some shortcomings, including instances of Network Services Agreements being out of date or not publicly available.

Submitters to the Draft Principles generally supported the development of a principles-based, voluntary approach to improve contracts between gas distributors and gas retailers. Following analysis of submissions, Gas Industry Co confirmed its initial view that there is no strong case for regulations and made a number of amendments to the proposed Principles as a result of feedback from submitters. Click here for the analysis and resulting amendments to the proposed Principles.

The assessment framework is likely to follow the general approach taken in the Retail Contracts Oversight Scheme. Following consultation, Gas Industry Co will seek the Minister's endorsement of the Principles and assessment framework as an industry arrangement. It is envisaged the first assessment will occur in 2012, and will be undertaken by an independent assessor.

Coming up….

2 February
Industry workshop - proposed FY2013 Strategy, Work Programme and Levy

Industry workshop - Information Gathering proposal

6 February
Submissions due - Downstream Reconciliation Options Paper

10 February
Submissions due - Proposed FY2013 Strategy, Work programme and Levy

17 February
Submissions due - Information Gathering proposal

20 February
PEA meeting

Mid-February
Draft Determination – MPOC Change Request

Performance Measures Quarterly Report for the period ending 31 December 2011

1 Summary

This Report provides an update on the performance measures that Gas Industry Co monitors on a regular basis. The purpose of these measures is to track the performance of the Gas (Switching Arrangements) Rules 2008 (the Switching Rules), the Gas (Downstream Reconciliation) Rules 2009 (the Reconciliation Rules), and the Gas Governance (Critical Contingency Management) Regulations 2008 (CCM Regulations), both in terms of activity related to these statutes and the competitive outcomes that they foster.

Due to the timing of the release of this report in early February, this report includes data from January 2012, where available.

Highlights of the Report:

- Balancing gas volumes have continued to fall. In each of the calendar years 2006, 2007, and 2008, over 4,600,000 GJ of balancing gas were bought and sold by MDL. In calendar 2011, balancing volumes were less than 440,000 GJ – less than 10% of annual balancing volumes in 2008.

- Volumes of annual unaccounted-for gas (UFG) continue to track below 1.5% of allocated gas volumes on an annual basis. Prior to the introduction of the Reconciliation Rules, the annual percentage of UFG was about 2.5%.

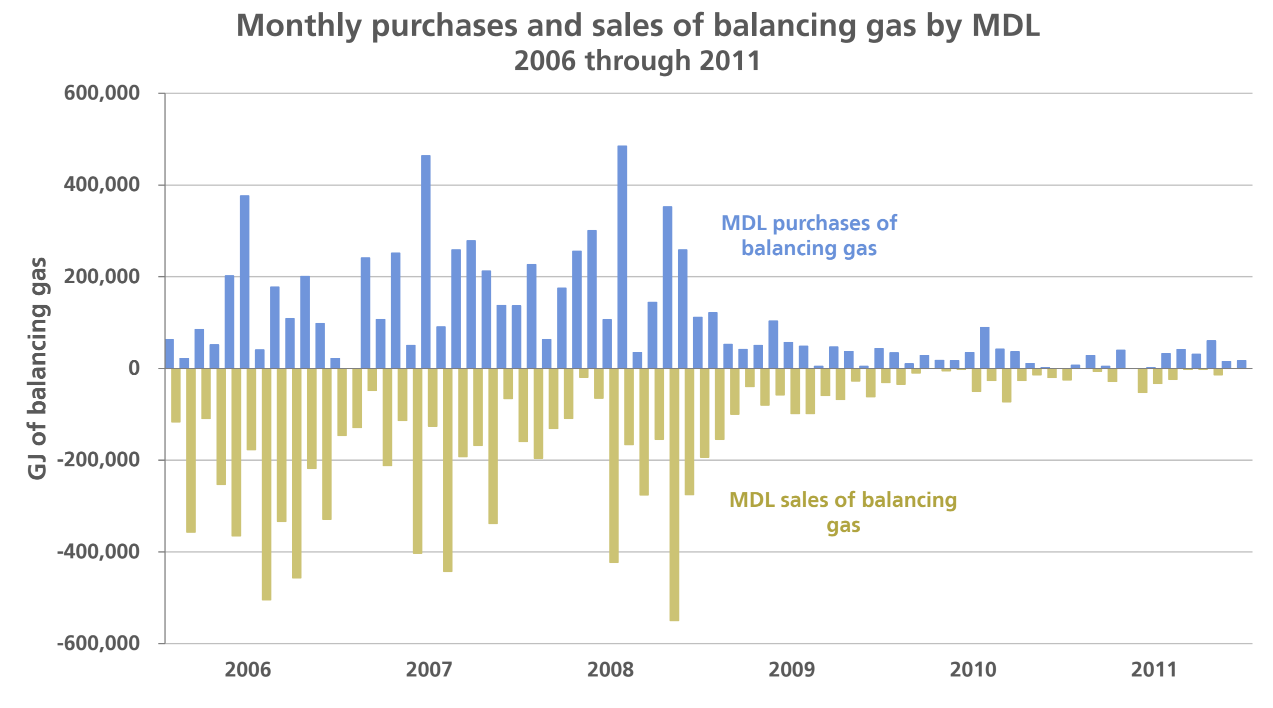
- For the second straight quarter, there have been no major movements in market share. Genesis Energy continues to be the largest retailer by number of customers, and Nova Energy is the largest by volumes of allocated gas.

- There is an upward trend in the proportion of gas customers at gas gates served by seven or more retailers. Nearly 91% of gas customers are connected to gas gates where seven or more retailers operate.

2 Balancing gas volumes

The volume of gas in a pipeline relates to the gas pressure in the pipeline and needs to be maintained below the safe operating pressure limit for the pipeline and above the minimum required to maintain the supply of gas to consumers. On the Maui pipeline, pressures will rise or fall as parties who inject gas into the pipeline over- or under-inject and as parties who receive gas from the pipeline under- or over-take relative to their respective scheduled volumes. Managing the gas inventory in a pipeline is referred to as *balancing*. MDL buys and sells balancing gas in order to manage gas volumes and thus maintain gas pressure within safety and operational limits.

Prior to 2008, balancing services were essentially free to holders of legacy Maui gas contracts, but changes implemented at the end of 2008 to the Maui Pipeline Operating Code mean that interconnected parties and gas shippers are now responsible for imbalances that they create. In 2009, MDL instituted the Balancing Gas Exchange, an online platform that displays pipeline balance conditions and enables gas producers and wholesale gas consumers to post offers to buy and sell balancing gas. These two changes appear to have provided gas transmission customers with an incentive to self-balance and greater information on which to base their balancing decisions.



Source: MDL and bgx.co.nz

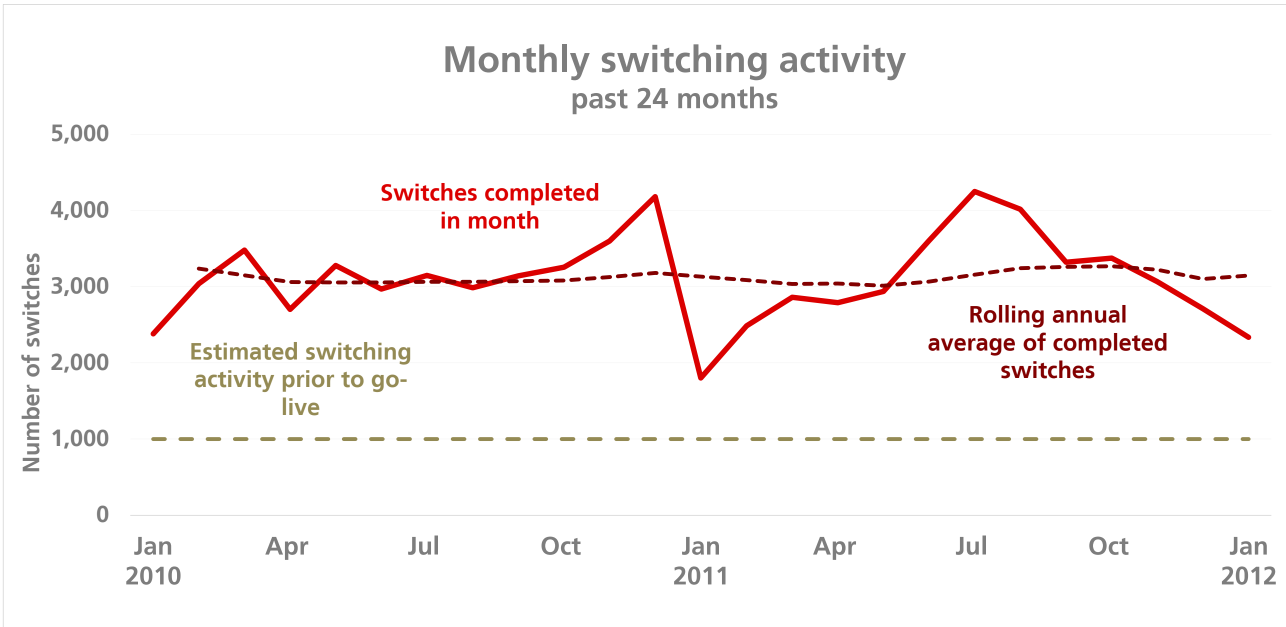
The outcome is the significantly reduced volumes of gas needed to be purchased or sold by MDL to balance the Maui pipeline, as can be seen in the chart above. In each of the calendar years 2006, 2007, and 2008, over 4,600,000 GJ of balancing gas were bought and sold by MDL. In 2009, balancing gas volumes totalled less than 1,500,000; and in 2010, balancing gas volumes were just over 600,000GJ – a decrease of 87% from 2008 volumes. In calendar 2011, balancing volumes declined again, to less than 440,000 GJ.

3 Switching performance measures

Monthly switching activity

Switching activity dipped in December 2011 and January 2012, consistent with patterns seen over the holiday season in previous years. The annual rate of switching is about 16%. As a comparison, the electricity switching rate for the year ended December 2011 is about 20.6%.

Prior to the gas registry going live in March 2009, approximately 1,000 switches were processed on a monthly basis, and the annual churn rate was approximately 4.8%.

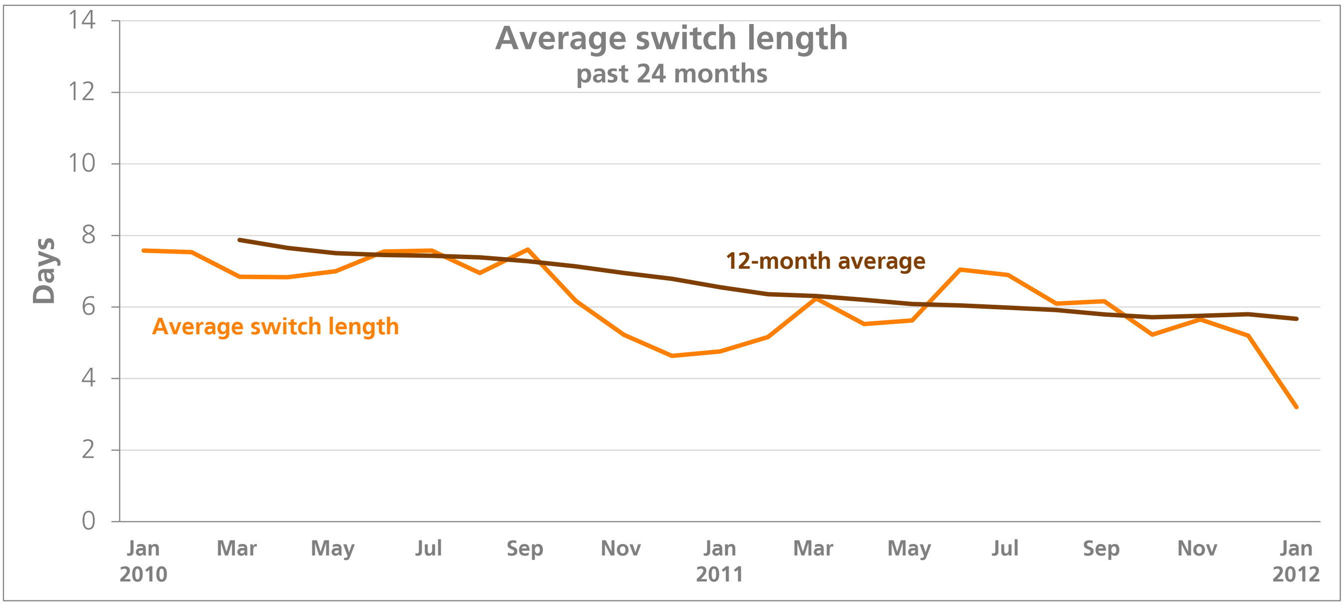


Note that this chart includes only switches that occurred on open-access distribution networks; switches from open-access to bypass networks (or vice versa) would not be recorded as a switch in the Gas Registry.

Time to process switches

The chart below shows the average length of time it has taken to process the switch requests that have been received in a month. The average time to process a switch has consistently fallen in the past two years. The twelve-month rolling average switching time is about 5.7 days. In comparison, switches could take weeks or even months to process prior to the inception of the switching registry.

The downward trend in switching times may be a byproduct of the switching requirements in electricity and is pleasing to see, provided that the costs of the shortened switching times do not outweigh the benefits to consumers.



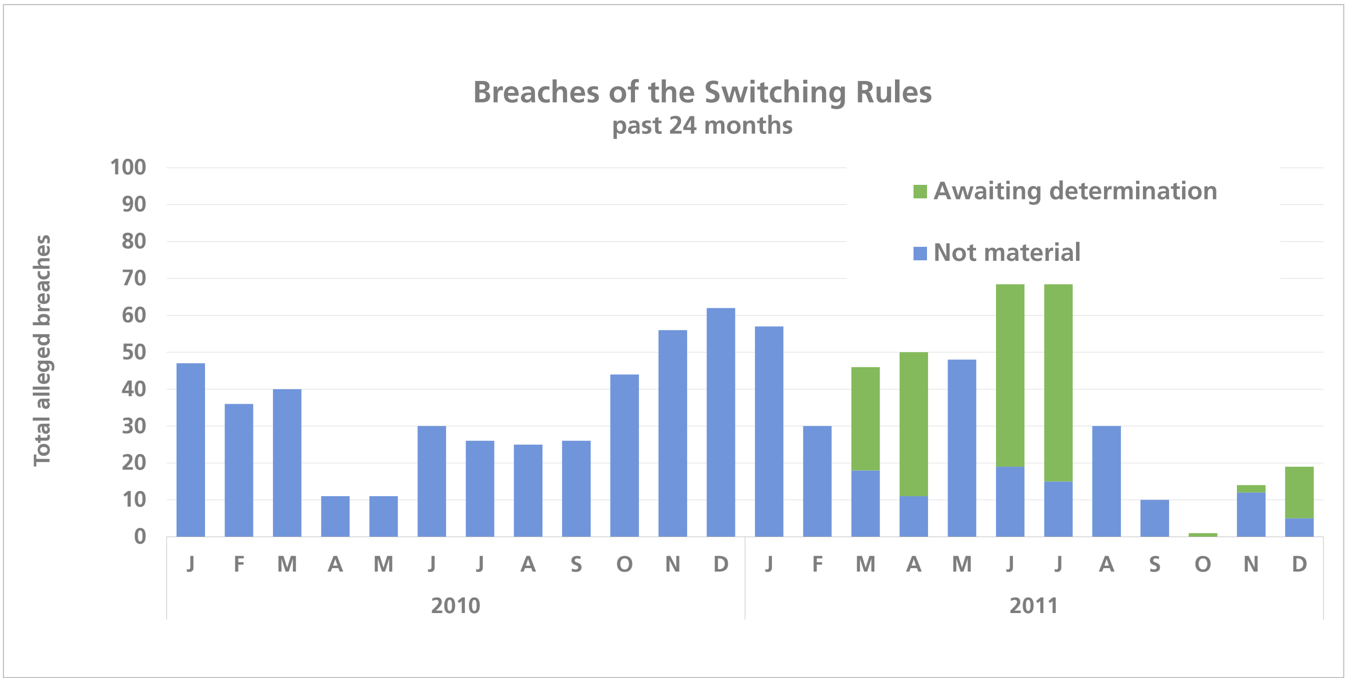
Note that the chart above excludes the transfers from E-Gas to Nova and from Auckland Gas to Nova, all of which went through in less than a day.

Number and severity of breaches of the Switching Rules

In the first year after the inception of the Switching Rules, nearly 5,500 switching breaches were alleged. Many of these breaches can be attributed to unfamiliarity with the Rules. Since that first year, the numbers of switching breaches have fallen significantly. Since March 2010, the rate of switching breaches has averaged less than 40 per month.

As well as the number of switching breaches, the severity of the breaches has also declined: there were nearly 500 material breaches in the first eight months of the operation of the Rules, but no breach has been determined material since November 2009.

The breaches now awaiting determination relate to a single market participant, from whom the Market Administrator is seeking further information before making a determination.



4 Allocation and reconciliation performance measures

Volumes of Unaccounted-for Gas

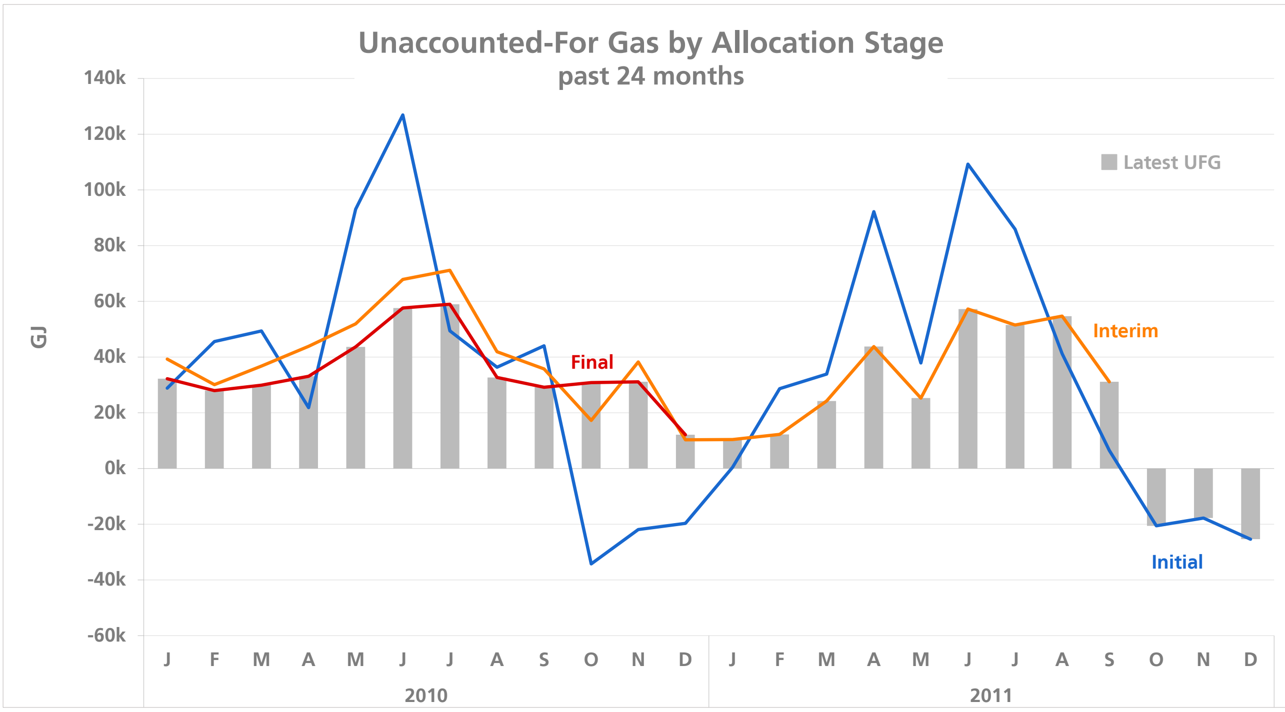
Under the Reconciliation Rules, the amounts of gas that retailers estimate their customers have used are subtracted from the amounts of gas leaving the transmission system. The difference is UFG, which arises from technical losses on the system, metering inaccuracies, and retailer estimation errors. UFG imposes a cost on the market: it is gas that retailers are allocated and must pay for, but cannot sell. Tracking UFG is a way of monitoring these costs and the efficiency of the retail market. This transparency should assist the industry to take steps to reduce UFG where it is efficient to do so.

The chart below compares total UFG quantities by consumption month and allocation stage (initial, interim or final). The grey bars show UFG based on the most recent data available.

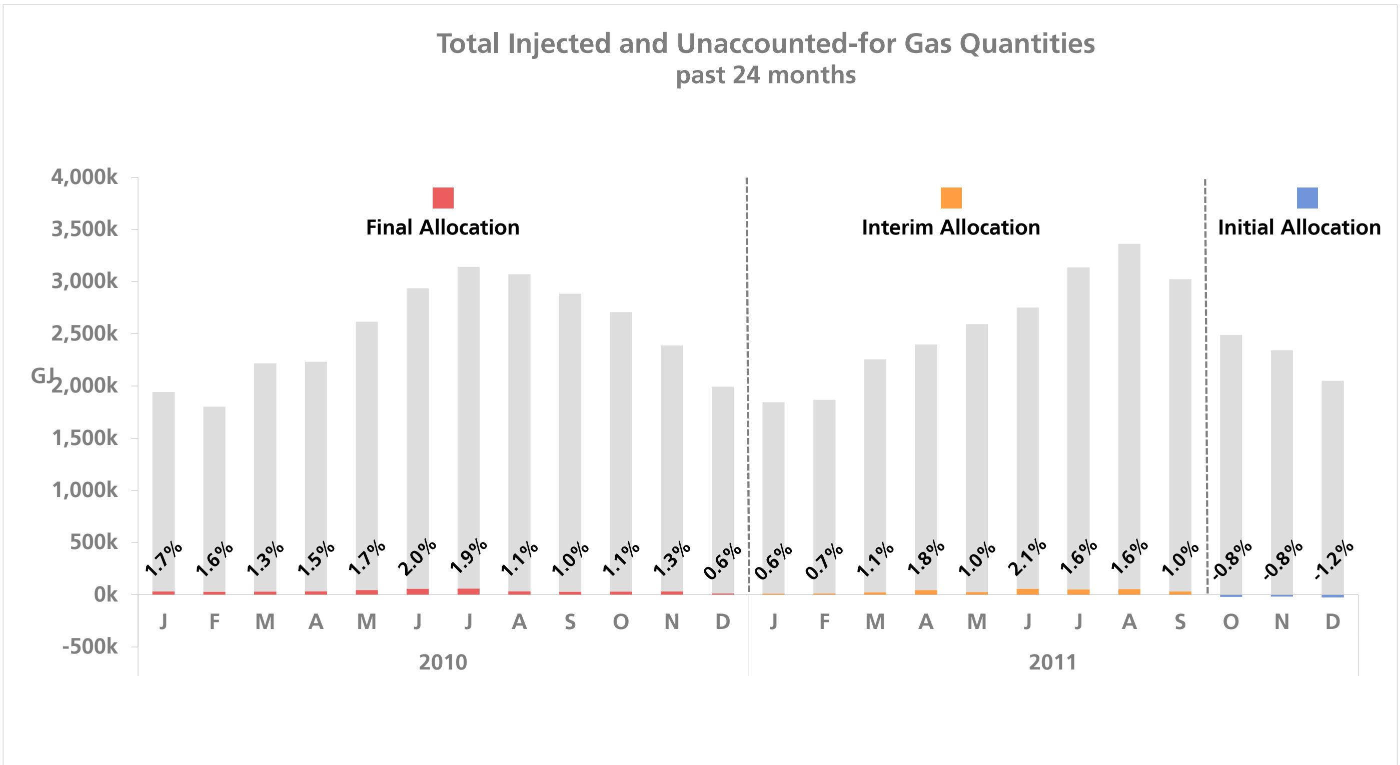
UFG showed a peak over the winter months of 2011, consistent with previous winters. UFG recorded at the initial allocation stage in the months of April, May, June, and July 2011 was 325,000 GJ, which is comparable to the 291,000 GJ recorded at the initial stage for the same months in 2010. In comparison, 875,000 GJ of UFG were allocated at the initial allocation stage during the same months of 2009.

Also consistent with previous winter patterns, UFG has fallen at the interim allocation stage for winter 2011, as retailers submit consumption data based on more complete meter reading data. UFG for April, May, June, and July 2011 now stands at about 178,000 GJ, compared to 235,000 GJ in the interim allocation for the same months of 2010.

UFG for the months of October, November, and December 2011 is negative, reflecting overestimations by retailers of their customers' consumption. This pattern is consistent with the UFG experienced at the initial stage for the end of 2010. It is likely that UFG for these months will become less negative in successive allocation stages.

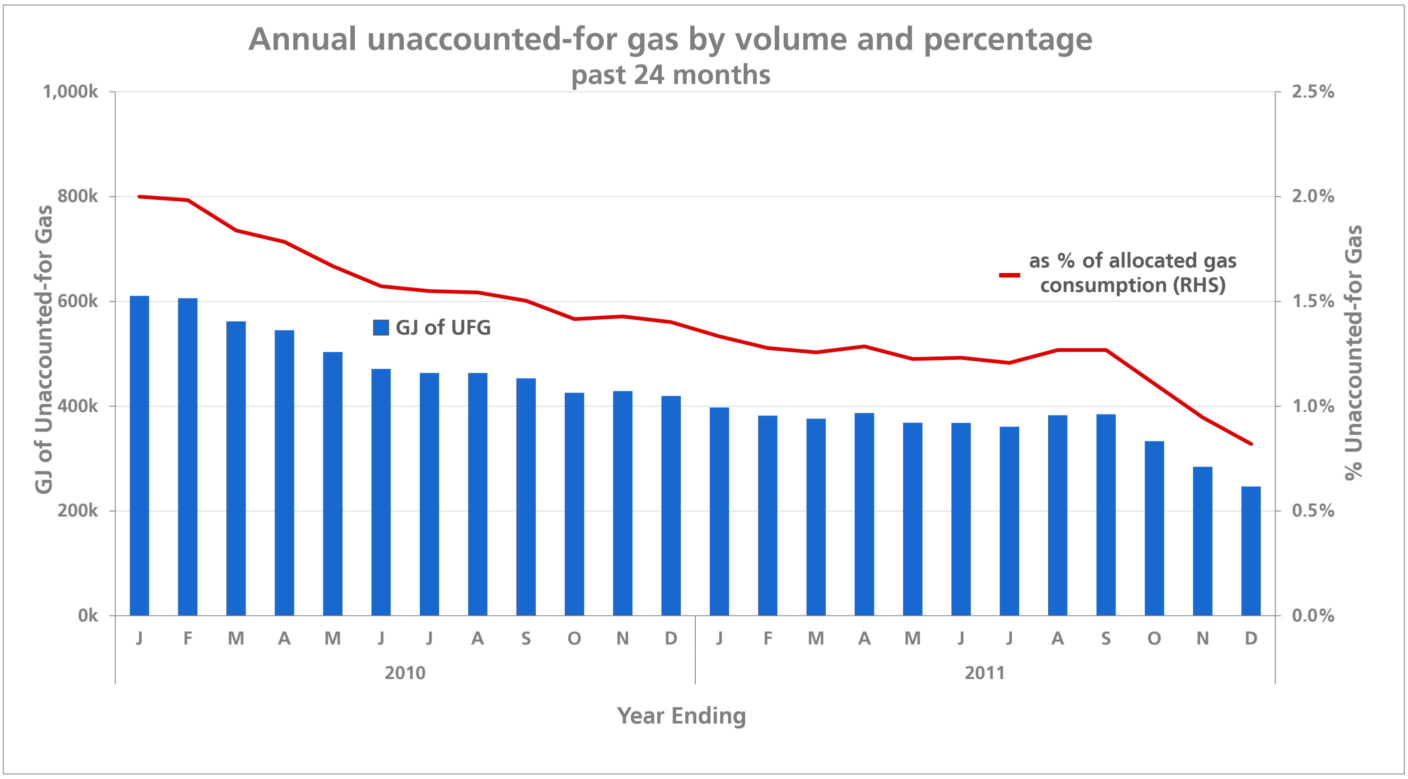


The chart below shows the amount of unaccounted-for gas in comparison to the total amount of allocated gas consumed each month. The grey bars show gas consumption at allocated gas gates, which follows a seasonal pattern: higher in winter and lower in summer. UFG as a percentage of volume follows a similar seasonal pattern.



Another way to think about UFG is the amount recorded over a 12-month period. The chart below shows rolling 12-month UFG figures, both as a GJ total and as a percentage of gas consumed. The information is based on the best data available at the time of publication, so, for example, the December 2011 total is based on three initial allocation results and nine interim results, while the December 2010 total is based on twelve final allocation runs.

The chart shows that annual UFG has declined from over 2% of annual consumption at allocated gas gates to less than 1.5%. The final three months of data include the negative UFG discussed above. UFG for these months is likely to increase at the interim allocation stage.



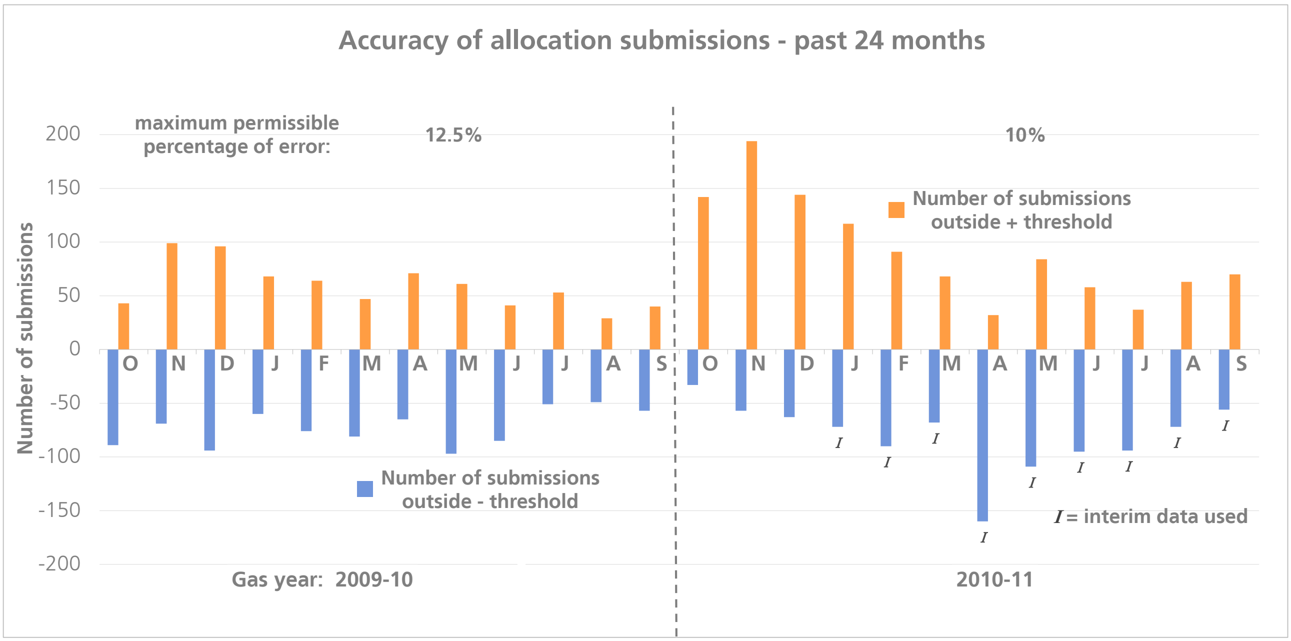
Accuracy of submission data

The accuracy of initial submissions is important, as balancing and peaking charges on the Vector transmission system are levied on the basis of initial allocation results and are not subsequently washed up. This means that the balancing costs of the UFG created through inaccurate initial consumption submissions fall onto all retailers at the affected gate. To limit the impact of this effect, the Reconciliation Rules require that initial consumption submissions are within a specified percentage of the final (and most accurate) consumption submissions.

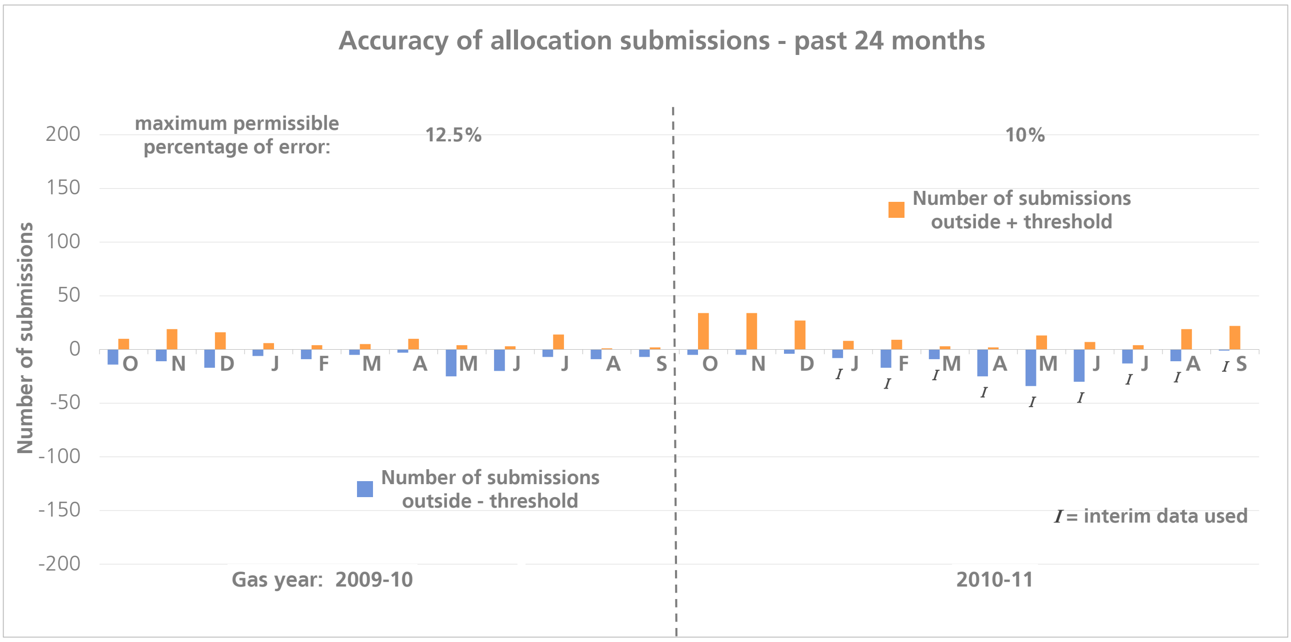
The chart below shows the number of retailer submissions that were outside the maximum permissible error threshold in the last 24 months for which data are available. For this analysis, final submissions were compared to initial allocation submissions for the months they were available (October 09 – December 10). Other months use interim submissions (in place of final) for the comparison data and are marked with '*I*' in the chart below. The percentage of error relevant to the consumption month has been used to measure accuracy: 12.5% in the 2009-10 gas year and 10% in 2010-11.

October 2010 saw an increase in the number of submissions outside the accuracy threshold, and this increase is noticeable particularly in the number of oversubmissions (orange bars) from October 2010 through February 2011. The oversubmissions at the initial allocation stage for these months are reflected in the negative UFG shown in the preceding charts.

Likewise, the number of undersubmissions in the winter months of 2010-11 increased over the same months in the previous year. This effect is shown in the increase in positive UFG in these months. It appears that the recent trend of inaccurate submissions is common to all the large mass market retailers. Interestingly, although this effect is due partially to the tightened accuracy threshold that went into effect in October, the lower threshold is only part of the answer, as a large number of potential breaches would also have occurred if the threshold had remained at 12.5% or even 15%. Gas Industry Co intends to follow up with retailers to ascertain if there is an underlying reason for this apparent trend of less accurate initial submissions.



The market administrator uses a volume threshold of 200 GJ as a means of differentiating those breaches that are likely to have had a materially adverse effect on other market participants. The chart below shows the number of accuracy breaches that involve gas quantities larger than 200 GJ. As a comparison of the two charts illustrates, there is a significant proportion of accuracy breaches that have involved less than 200 GJ. Deeming these breaches not material allows industry participants to focus on addressing the harm caused by larger volume estimation errors.

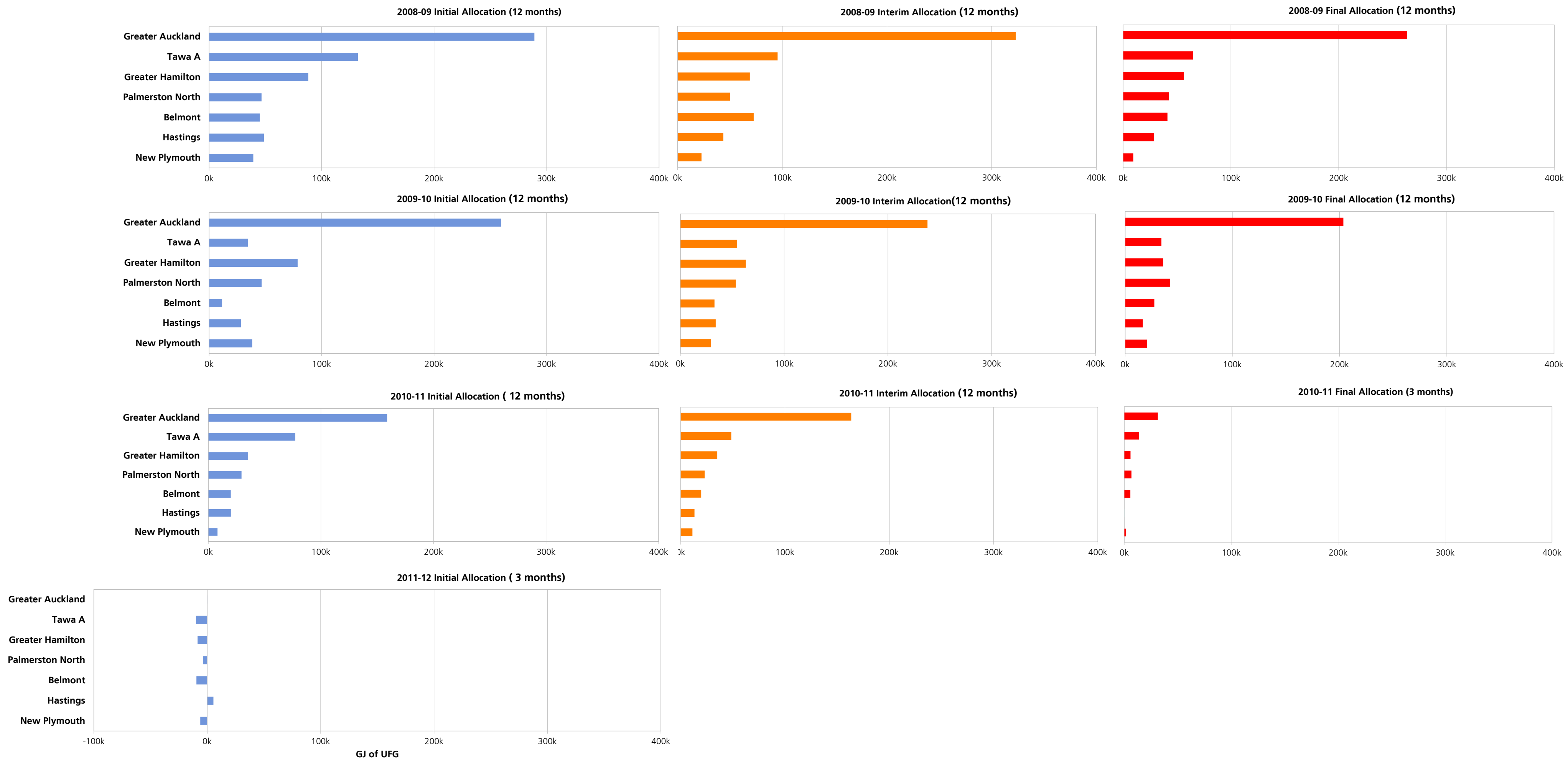


Gas gates where UFG is the highest

Greater Auckland gas gate is consistently the largest contributor of all the gas gates to UFG volumes, followed by Tawa A, Greater Hamilton, Palmerston North, Hastings, and Belmont. This pattern is roughly consistent over all three allocation cycles and across gas years, indicating that UFG is a persistent issue at these gates.

All allocations have now been performed for the 2008-09 and 2009-10 gas years and are shown in the top two rows below. For the 2010-11 year, shown in the third row, initial and interim allocations have been done for all 12 months; as well as the final allocations for October through December 2010. Viewing the allocations in this way allows comparisons across time and across allocation stages. As can be seen from the charts, there is a trend of decreasing UFG both from year to year and across allocation stages.

For the 2011-12 gas year, shown in the fourth row, only initial allocations for October through December 2011 have been performed.


2008-09 Initial Allocation (12 months)
2008-09 Interim Allocation (12 months)
2008-09 Final Allocation (12 months)
2009-10 Initial Allocation (12 months)
2009-10 Interim Allocation(12 months)
2009-10 Final Allocation (12 months)
2010-11 Initial Allocation (12 months)
2010-11 Interim Allocation (12 months)
2010-11 Final Allocation (3 months)
2011-12 Initial Allocation (3 months)
Greater Auckland
Tawa A
Greater Hamilton
Palmerston North
Belmont
Hastings
New Plymouth
-100k
0k
100k
200k
300k
400k
GJ of UFG

Audits commissioned

Event audits

There have been no event audits commissioned in the past quarter.

Performance audits

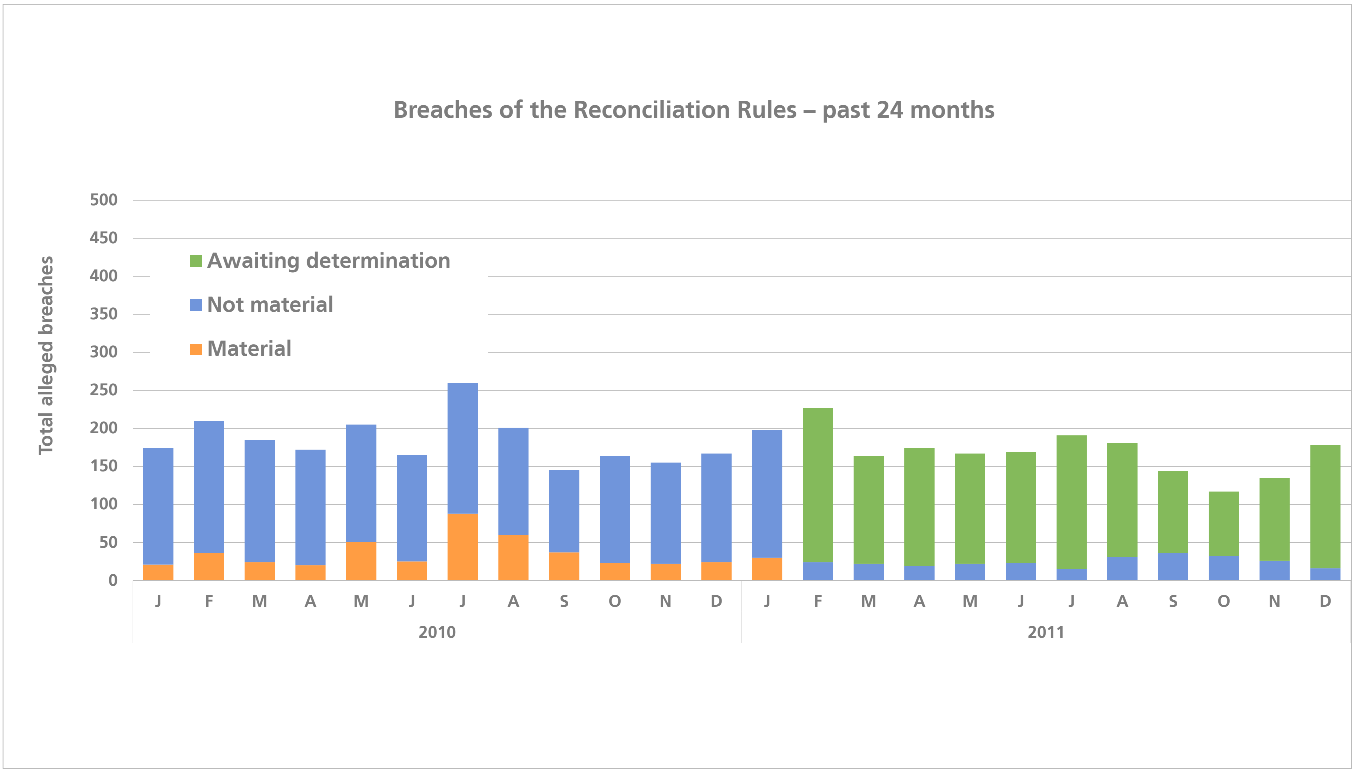
No performance audits of retailers have been commissioned this quarter.

A performance audit of the allocation agent was completed in December, and a draft audit report circulated to interested parties for comment in January. It is expected that the report will be finalised and published shortly.

Number and severity of breaches of the Reconciliation Rules

Over 80% of breaches alleged under the Reconciliation Rules relate to rule 37, the rule that requires the accuracy of consumption information provided at the initial allocation stage to be within a specified tolerance level of the information provided at the final allocation stage.

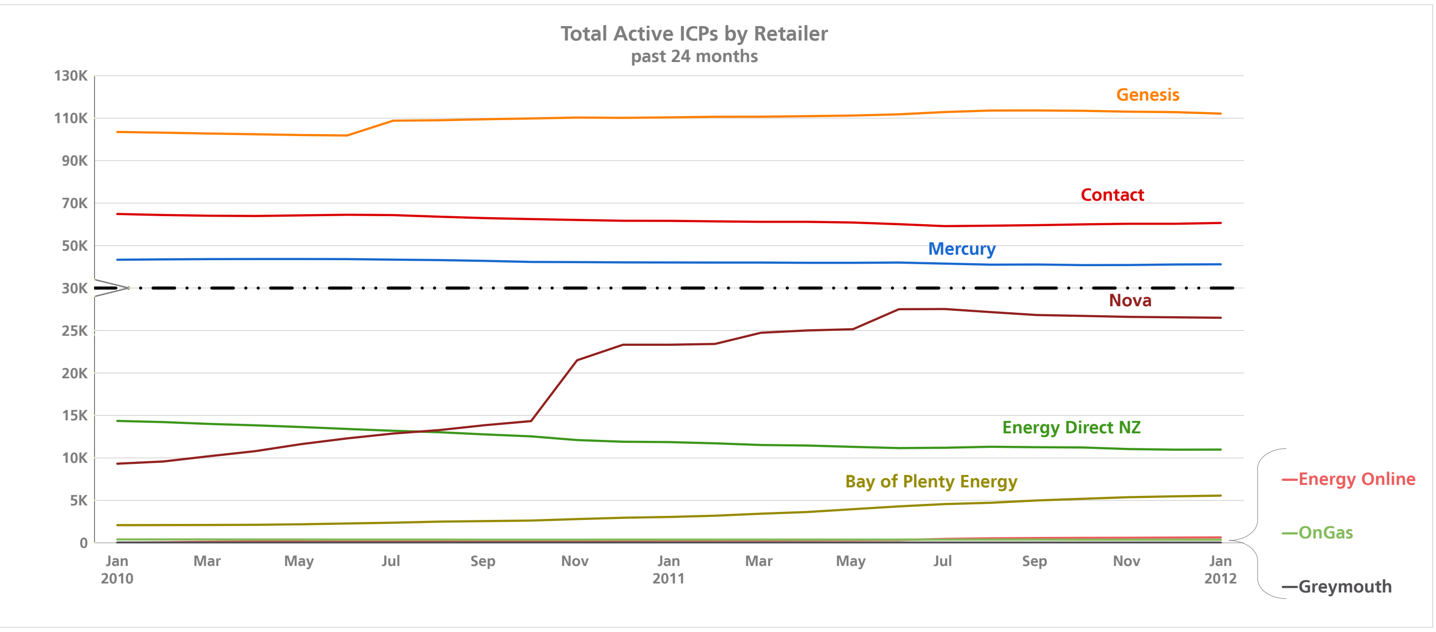
Last September, the Market Investigator effected a settlement of numerous breaches of rule 37 spanning the consumption months of October 2008 to November 2009. The next batch of rule 37 breaches, spanning twelve consumption months, is expected to be referred to the Market Investigator shortly.



5 Market competition performance measures

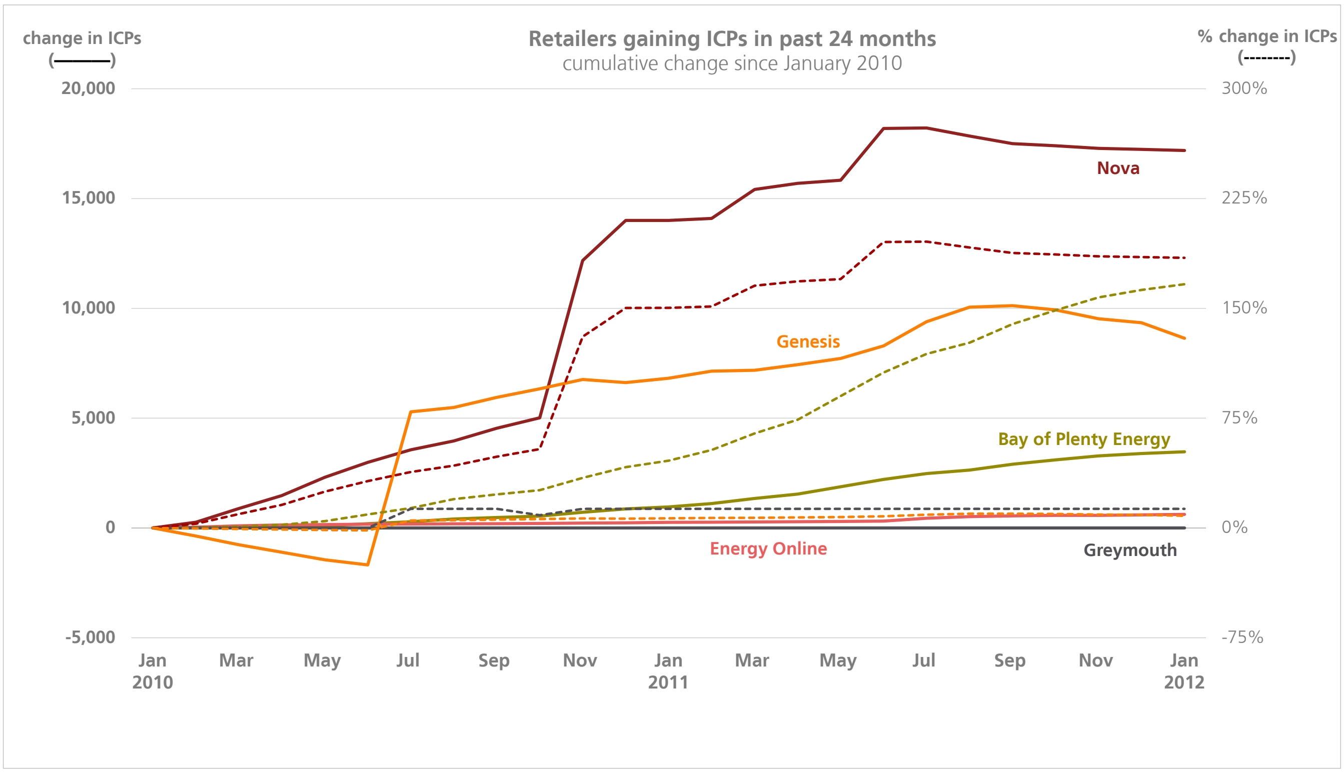
Market share of ICPs by retailer

Market share of ICPs has again been relatively constant over the past quarter, as illustrated by the chart below. Nova Energy's step changes are a result of acquiring the E-Gas customer base in November 2010 and amalgamating its Auckland Gas brand in December 2010 and June 2011. The other movements in market share are due to customer switching.

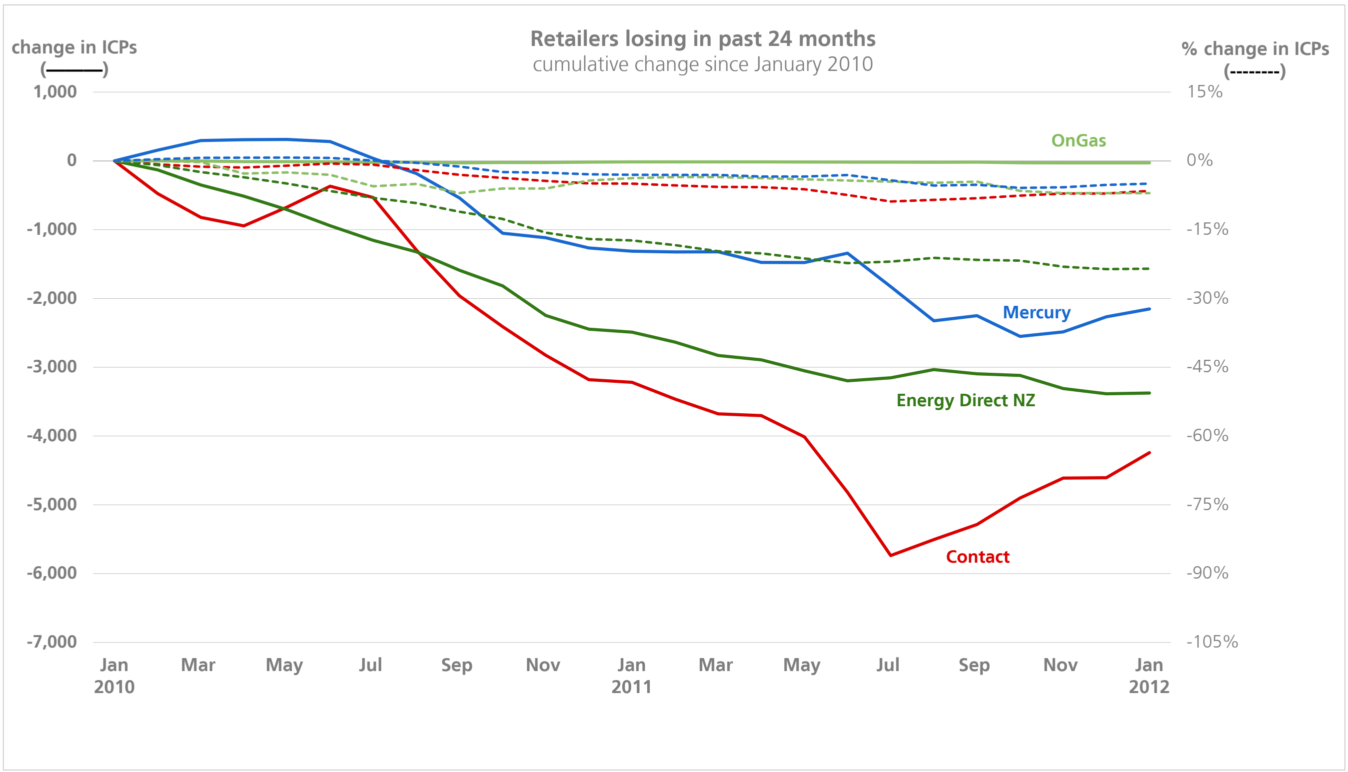


The two charts below are drawn from the same data set. The solid lines represent the change in numbers of ICPs, and the dashed lines show the percentage change in ICPs relative to January 2010. The first chart includes retailers who have experienced net gains in ICPs in the past two years, and the second includes retailers who overall have lost ICPs in the same timeframe.

In percentage terms, Bay of Plenty Energy has grown over 150% in the past 2 years. Energy Online, a retail brand of Genesis Energy, has grown from 21 customers in January 2010 to over 630 customers today, an increase of nearly 3,000%. Genesis itself has also grown in customer numbers in the past two years, although it has lost some ground in recent months.



The chart below shows the retailers who have lost market share in ICP numbers in the past two years. Although Mercury and Contact have overall lost customers in the past two years, both have made net gains in customer numbers in the past few months.



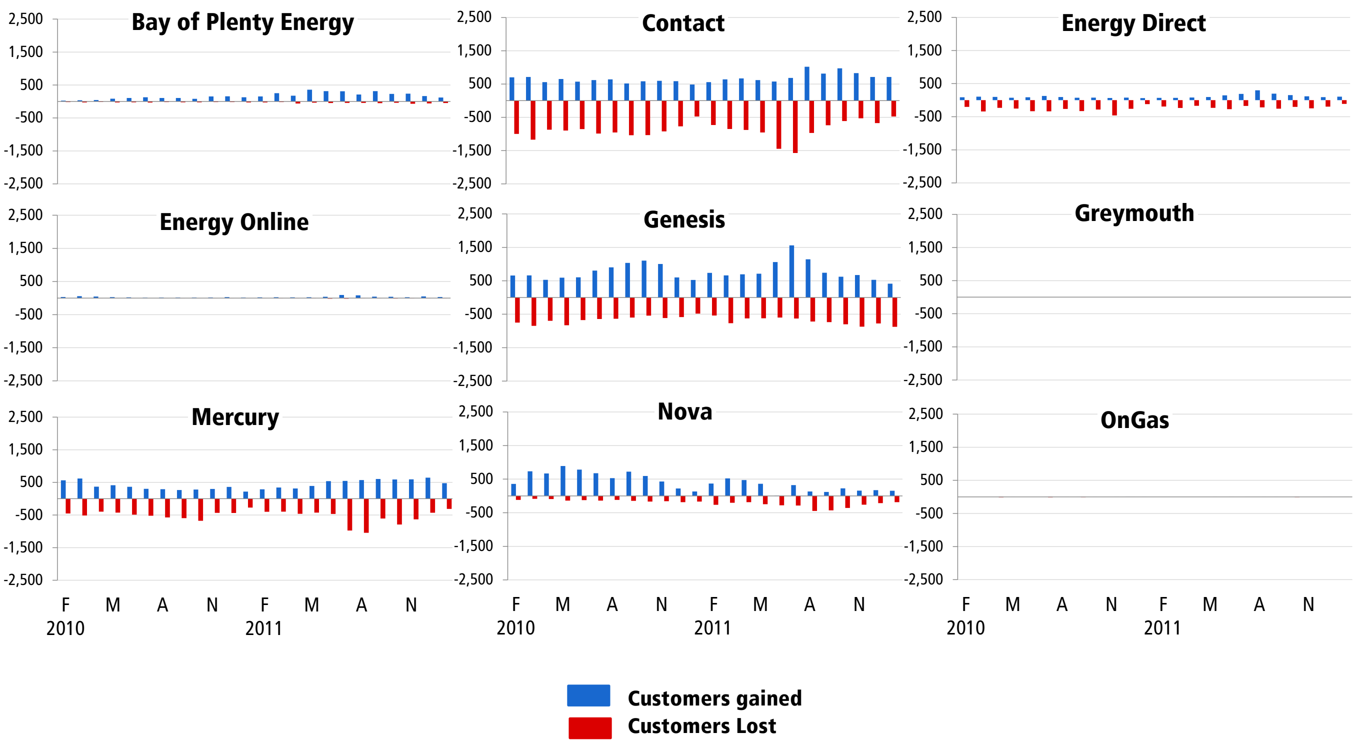
Note that all three of the ICP share charts above include data from ICPs on open-access distribution networks only; information about ICPs on bypass networks is not available in the Gas Registry.

Switching activity by retailer

This chart shows the numbers of ICPs gained and lost by retailers over the past two years. The blue bars show the number of customers gained by the retailer each month, and the red bars show the number of customers lost.

As shown by these charts, although the net changes in number of customer ICPs may not change significantly from month to month for some retailers, there is a lot of underlying switching activity, particularly for the mass market retailers Contact, Genesis, and Mercury. Note that these charts exclude the bulk transfer of 6,348 ICPs from E-Gas to Nova in November 2010; they also exclude the transfer from Auckland Gas to Nova of 1,478 ICPs in December 2010 and 2,243 ICPs in June 2011.

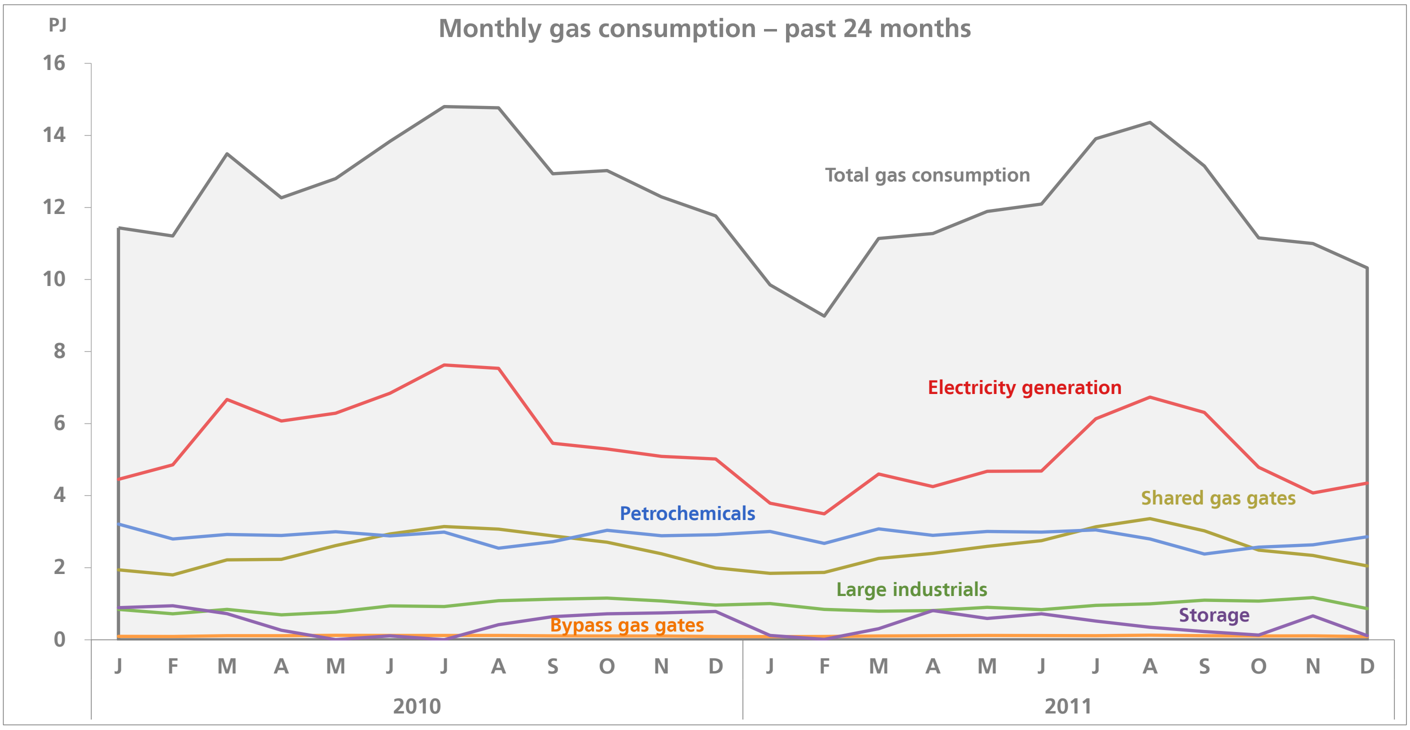
Switching activity by retailer



Total gas volumes

The chart below shows the total amount of gas consumed over the past two years by all gas users. The top grey line shows total consumption; the coloured lines provide a breakdown by type of use.

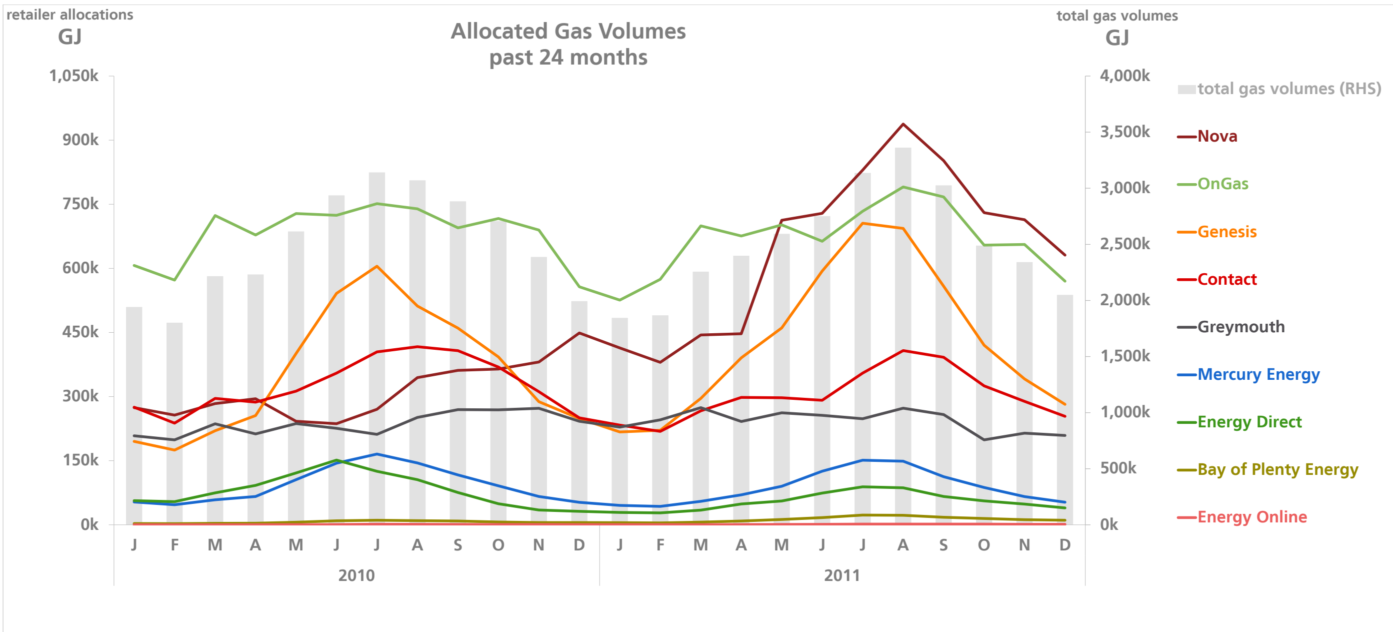
- The red line shows the seasonal peaks and troughs in gas used for thermal electricity generation.
- Consumption for petrochemicals, in blue, is relatively constant, as is usage by large industrials (in green).
- The purple line shows the volumes of gas going to storage.
- The orange line represents gas used by consumers connected to the private pipelines owned by Nova.
- The tan line shows the amount of gas used by customers connected to shared gas gates. This represents the majority of commercial and residential customers. There is a seasonality trend to the consumption, higher in winter and lower in summer. These allocated gas volumes are broken down by retailer in the next section.



Allocated gas volumes

This chart shows the gas volumes allocated to retailers at shared gas gates over the past two years. This is gas consumed by industrial, commercial, and residential customers, but it excludes gas volumes from direct connect gas gates; that is, from gas gates that supply a single customer directly from the transmission system. For this reason, gas volumes supplied through direct connect gas gates to such industrial sites as thermal power stations, oil refinery, and paper and chemical factories are not included in the chart below.

In May last year, Nova Energy overtook OnGas in terms of the largest share of allocated gas. This increase reflects the increase in Nova's customer base, through its acquisition of E-Gas, amalgamation of Auckland Gas, and organic growth. OnGas is the next largest retailer in terms of gas volumes, with its large proportion of high-consuming commercial and industrial customers. Genesis, the third largest retailer by volume, has a load profile that peaks in winter and troughs during the summer. Contact, Mercury, and Energy Direct all show similar – but less pronounced – winter peaking patterns.

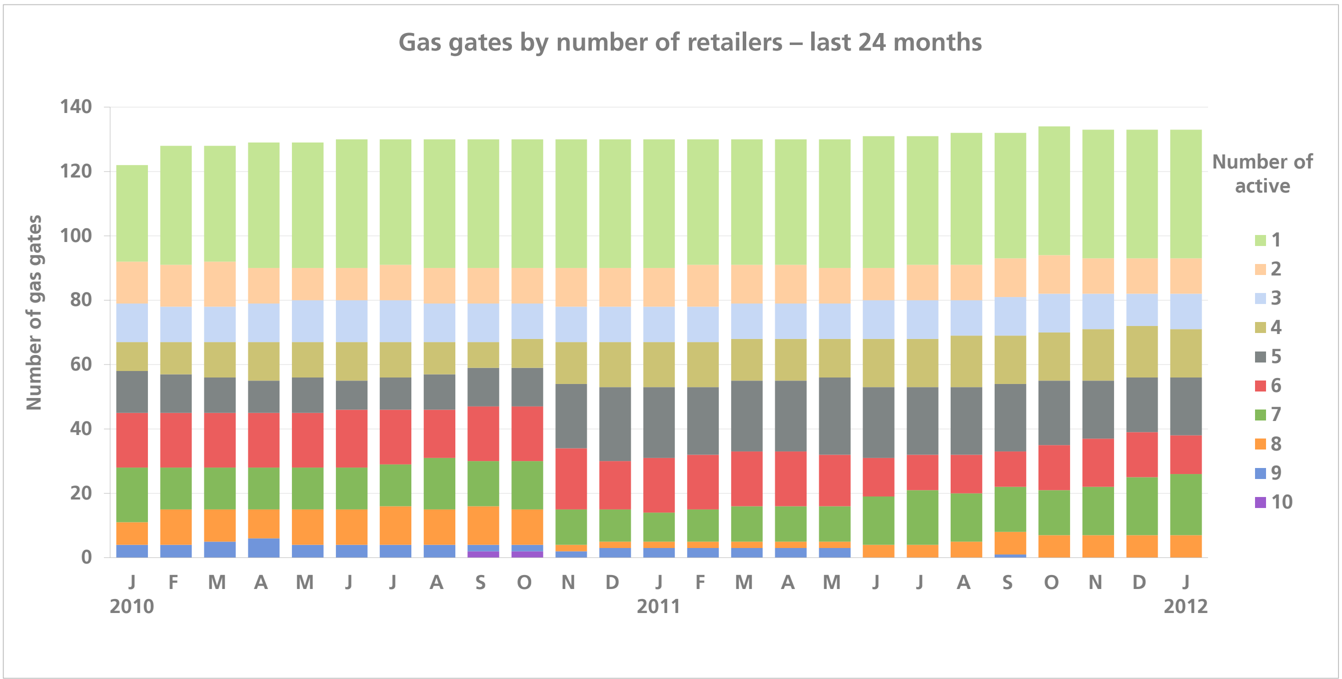


The data are from a mix of allocation stages: Final through December 2010; Interim for January 2011 through September 2011; and Initial for October through December 2011.

Gas gates by number of retailers

This charts shows, by month, numbers of gas gates by the number of active retailers. The greater the number of retailers that trade at a gas gate, the greater the potential competition for customers.

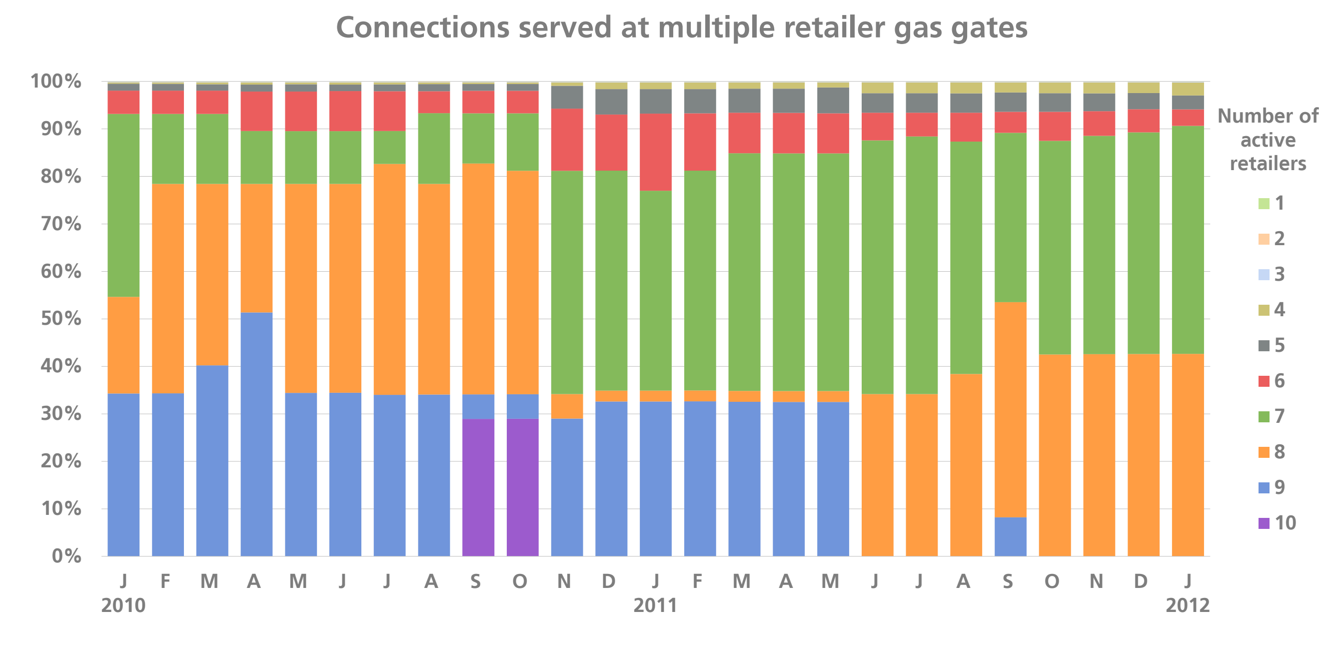
The chart shows that the number of gas gates at which retailers trade has been relatively consistent over the past six to eight months, following the amalgamation of Auckland Gas into the Nova Gas brand in 2011 and the exit from the market of E-Gas in 2010.



Connections served by multiple retailers

This chart plots the proportion of gas customers who are served from the gas gates in the chart above; that is, customers served at gas gates where multiple retailers trade. As with the previous chart, the acquisition of E-Gas and the amalgamation of Auckland Gas have produced step changes in the data.

The chart shows that the majority of gas customers – over 93% -- could potentially be served by at least six retailers. The last year also seen an upward trend in the proportion of gas customers at gas gates served by seven or more retailers: as the top of the green bar on the chart below shows, this proportion stood at about 77% last January and has increased to nearly 91% in January 2012.



Note that the above chart includes data from ICPs on open-access distribution networks only; information about ICPs on bypass networks is not available in the Gas Registry.

6 Critical Contingency Management performance measures

Maui pipeline outage assessment

Reports by the Critical Contingency Operator (CCO) on the five-day Maui Pipeline outage in late October 2011 have confirmed the general effectiveness of the CCM Regulations in directing the gas industry's response to major supply emergencies, and identify areas for improvement.

The Maui Pipeline outage Incident Report concluded that "general compliance levels by retailers and large gas consumers appeared to be very good… as borne out by the significantly reduced demand levels observed on the system during the critical contingency." It also pointed to some areas for improvement, particularly around the information provided by retailers in curtailment compliance updates, and the process for designating consumers as essential service providers.

The second CCO report, a Performance Report, assesses the effectiveness of the critical contingency arrangements during the event and identifies areas where those arrangements can be improved. Overall, the Performance Report concludes that those arrangements worked well and achieved the purposes for which they were designed. It also notes that modest improvements could be made to the critical contingency arrangements, including in the following areas:

- curtailment band definitions.
- the process for applying a regional or national designation of a contingency event.
- accommodating partial restoration of supply.
- compliance incentives.
- the post-event review process.
- public knowledge and understanding of the critical contingency system.

Gas Industry Co intends to undertake a review of the effectiveness of the Critical Contingency Management Regulations, including an assessment of the CCO's recommendations. The purpose of the review will be to ensure that the critical contingency management processes in place are as effective as possible in managing any future significant event.

Breach notices

Gas Industry Co has received three notices from the CCO alleging breaches of the CCM Regulations arising from the Maui pipeline outage. The notices are being assessed by the Market Administrator for materiality as the first step in the compliance process.

Strategic Progress: Quarterly Report September – December 2011

This report provides an update of progress towards Gas Industry Co's strategic goals. These reflect the Government's objectives and outcomes for the gas industry, as set out in the Gas Act 1992 and the April 2008 Government Policy Statement on Gas Governance, and as implemented through the Company's FY2012-2014 Strategic Plan.

Project	Rationale	Activity	Status
Strategic Goal: Efficient Use of, and timely investment in infrastructure			
Transmission Pipeline Balancing	• Improved industry arrangements. Gas industry participants and new entrants are able to access transmission pipelines under reasonable terms and conditions.	• Assess balancing market developments. • Provide advice to Minister on balancing market developments by February 2012.	• Watching brief. Transmission balancing is the subject of a Maui Pipeline Operating Code (MPOC) change request currently under evaluation by Gas Industry Co.
Interconnection	• Improved industry outcomes. Gas industry participants and new entrants are able to access transmission pipelines under reasonable terms and conditions.	• Monitor two new interconnection arrangements on each open access transmission pipeline (Vector, MDL). • Investigate the extent, if any, of issues relating to access to private pipelines. • Advise Minister of any new interconnection issues relating to open access pipelines by 2013. • Advise Minister of any issues relating to private pipeline access by June 2012.	• No advice of new interconnections received to date. Gas Industry Co continues to monitor developments.
Access to Processing Facilities	• Statutory Role under Gas (Processing Facilities Information Disclosure) Rules 2008. • Improved industry outcomes by ensuring gas industry participants and new entrants have good information about spare capacity in processing facilities.	• Collect, monitor, and publish disclosed information. • Recommend to Minister by 27 June 2013 as to continuance, amendment, or expiry of these Rules.	• All disclosures for current year received and published on Gas Industry Co website.

Project	Rationale	Activity	Status
Strategic Goal: Build efficient, competitive, and confident gas markets			
Rule Changes	• Improved industry governance through regular review of existing arrangements and recommending changes where appropriate.	• Maintain rule change registers. • Review industry feedback on options paper on Reconciliation Rules review. • Consult on Statement(s) of Proposal for changes to Reconciliation Rules. • Review effectiveness of the Gas Governance (Critical Contingency Management) Regulations 2008 following any events/exercises.	• Options Paper for technical improvements to Reconciliation Rules issued for industry comment December 2011. Submission due 6 February 2012. • Reviewing CCO Incident and Performance Reports on the Maui Pipeline outage on 25-30 October 2011, including consideration of improvements through changes to the Regulations
Gas Quality	• Maintain an acceptable standard of gas quality. • Ensure costs of gas quality incident are met efficiently. • Achieve improved transparency on gas quality incidents.	• Ongoing review of industry arrangements for managing gas quality. • Consider options for improving gas quality arrangements. • Report review findings to Minister by June 2012.	• Survey of gas quality monitoring completed. • Options report in progress. • Retailers establishing information exchange protocol to be able to demonstrate compliance with gas quality requirements.
Insolvent Retailer Arrangements	• Protect long-term interests of consumers. Assessment of 2010 temporary Insolvent Retailer Regulations to consider whether generic regulatory solution is required to address retailer insolvency.	• Prepare Issues and options paper for industry consultation.	• Developing terms of reference for an issues paper
Gas Distribution Principles	• Improved industry outcomes. Gas industry participants and new entrants are able to access distribution pipelines on reasonable terms and conditions. • Ensure consistency in distribution services arrangements.	• Monitor and report annually to Minister on status of distribution arrangements. • Develop and publish distribution contract benchmarks. • Encourage publication of network services agreements.	• Draft distribution principles created and issued for consultation. • Analysis of submissions completed and published.

Project	Rationale	Activity	Status
Transmission Change Requests	• Contractual role pursuant to MoUs with MDL and Vector. • Ensure ongoing relevance and efficiency of multilateral terms of access to transmission pipelines.	• Process MPOC change requests and VTC change request appeals in accordance with respective Memorandum of Understanding (MoU).	• Change requests and appeals processed as received. Currently, one MPOC change request under evaluation (see Transmission Pipeline Balancing above).
Compliance	• Statutory role under the Compliance Regulations. • Improved industry operations through provision of a compliance and dispute resolution process for industry participants.	• Oversight of Gas Governance (Compliance) Regulations 2008.	• Gas Industry Co continues to fulfil its role as Market Administrator under the Compliance Regulations. • Three breach notices from CCO alleging non-compliance with the Critical Contingency Management Regulations during the Maui Pipeline critical contingency are being processed pursuant to Compliance Regulations.
Customer Issues	• Enhanced consumer benefits through complaints process for small gas customers.	• Liaise with the Electricity & Gas Complaints Commission (the approved complaints scheme), and other relevant regulators to remain aware of consumer complaint issues.	• Liaised with EGCC to include gas-related inquiries and complaints statistics in Gas Industry Co 2011 Annual Report.
Retail Contracts	• Enhanced consumer outcomes by providing clarity around the respective roles and obligations of consumers and industry participants involved in the supply of gas to small users.	• Administer the retail contracts oversight scheme. • Annual assessment of alignment of industry contracts with retail contract benchmarks. • Report to Minister by end of September 2011.	• Transitional assessment of retailers' progress towards alignment with benchmarks completed and report provided to Minister.

Project	Rationale	Activity	Status
Transmission Pipeline Capacity	• Improved consumer outcomes by addressing short and long-term competition issues arising from the North Pipeline capacity constraint. • Enhanced industry/consumer outcomes by improved level, and quality, of information on which to base business/energy use decisions.	• Address by regulatory and/or non-regulatory options any lessening of competition due to transmission constraints. • Implement the Gas Transmission Investment Programme (GTIP). • Improve the quality and availability of pipeline security standards and supply/demand information. • Promote changes to commercial and regulatory arrangements so the GTIP objectives can be met.	• Continued monitoring of information provided by signatories to the "Bridge Commitments", designed to address short-term issues. • New work programme, Gas Transmission Investment Programme (GTIP), initiated to address long-term solutions to capacity issues on North Pipeline. • Panel of Expert Advisers assembled, and Panel of Strategic Advisers appointed. • Individual projects in start-up phase.
Strategic Goal: Deliver effectively on accountabilities			
Downstream Reconciliation	• Statutory role under Reconciliation Rules. • Improved industry arrangements and consumer outcomes through the objective of fairly allocating, and reducing, unaccounted-for-gas (UFG) and its associated costs.	• Oversight of Gas (Downstream Reconciliation) Rules 2008.	• Gas reconciliations being performed every month • Long-term UFG has flattened out at ~1.5%. • Options Paper issued for industry comment December 2011. Submissions due 6 February 2012.
Switching and Registry	• Statutory Role under Switching Rules 2008. • Efficient retail market and improved consumer outcomes by facilitating market contestability through customer switching between retailers.	• Oversight of Gas (Switching Arrangements) Rules 2008.	• Electricity Authority "What's my number" campaign had spillover effect on gas switching rates – up to 40% more switches in recent months. • Customer switching has returned to steady-state level of ~3200 switches per month.

Project	Rationale	Activity	Status
Performance Measures	• Improved industry and consumer outcomes through the provision of public information on industry performance. • Monitor the effectiveness of governance arrangements.	• Determine and publish information on each gas governance arrangement that has been implemented.	• Performance measures computed and reported quarterly.
Critical Contingency Management	• Statutory role under Gas Governance (Critical Contingency Management) Regulations 2008. • Improved industry outcomes through increased market confidence in industry's ability to manage critical events.	• Manage Critical Contingency Operator (CCO) via service provider agreement. • Review effectiveness of the Regulations following any events/exercises. • Operate critical contingency pool following an event.	• Annual exercises held. • CCO activities monitored and reviewed quarterly. • Reviewing CCO Incident and Performance Reports on the Maui Pipeline outage on 25-30 October 2011, including consideration of process improvements through changes to the Regulations.

Project	Rationale	Activity	Status
Policy Development and Information Gathering	• Ensure Gas Industry Co has all information required to properly analyse issues in arriving at conclusions. • Industry and consumer benefits from improved level, and quality, of information on which to make business and/or energy use decisions.	• Proposal initiated following the publication in June 2011 of the FY2012-2014 Strategic Plan - to develop a process enabling Gas Industry Co to request and, if necessary, require the supply of specific information from participants to assist the timely development of market solutions.	• Statement of Proposal issued for industry comment December 2011. Submissions due by 17 February.
Industry Facilitation	• Facilitate nexus between industry and Government. • Maintain informed industry participants and other stakeholders.	• Facilitate, influence and communicate with the industry and Government. • Liaise with other regulatory bodies, agencies and associations with responsibilities and interests encompassing the gas industry.	• Gas Industry Co's one-day Gas Industry Conference held (August). • MoU concluded with Commerce Commission relating to areas of common interest in the gas sector.