



Gas
Industry
Co.

Quarterly Report

Quarterly Update

October 2021

About us

Gas Industry Company is the industry body that works alongside industry and government to co-regulate gas so that New Zealanders enjoy safe, efficient, fair, reliable, and sustainable gas delivery.

Gas Industry Company applies our knowledge about the gas sector to analyse issues and provide high quality advice to keep decision-makers informed.

1. Gas Today

Gas Industry Co resumes role as sector co-ordinating entity

Following the move to alert level 4 on 17 August, the Ministry of Business, Innovation and Employment (MBIE) initiated the reporting processes used last year.

Gas Industry Co resumed our reporting and issues support role as sector coordinating entity. This has included collating information from industry participants about risks to the gas industry arising from the COVID-19 outbreak to inform MBIE's reporting to cabinet.

We received strong engagement from MBIE and industry and we are pleased to report that most issues were able to be resolved in a timely way. Gas Industry Co is grateful to everyone involved for their constructive engagement.

Gas Market Settings Investigation Final Paper recommends further work

Gas Industry Co completed our investigation into current market, commercial and regulatory settings.

The project was initiated when the Minister of Energy and Resources wrote to Gas Industry Co asking for an investigation into whether market settings are fit for purpose to support the transition to 100% renewable electricity and to net zero carbon emissions by 2050.

Gas Industry Co met with key stakeholders across the industry. Industry feedback and engagement throughout the consultation process was valuable and informed the quality of the final report. Thanks to everyone who contributed, and we look forward to commencing new workstreams identified in the investigation, alongside both industry and government agencies.

The final report is available on our website [here](#).

Energy supply remains tight but has eased since early 2021

Gas supply remains tight. Energy that is not bought on long term contracts continues to be priced at high levels. While supply conditions have eased compared to the first half of the year, next year continues to look challenging for gas supply.

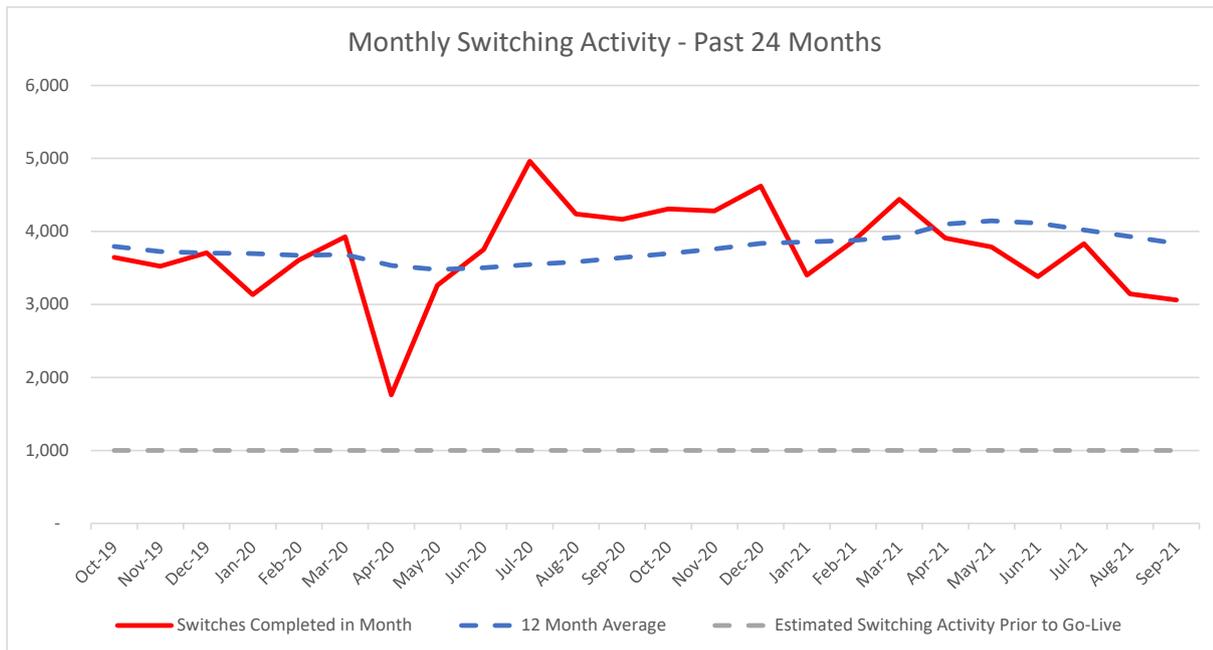
The level 4 lockdown appears to have resulted in some reductions in energy-consuming activity. Upstream field development activity paused or slowed through the lockdown, but this is not currently expected to unduly delay most development timetables.

Residential gas customers continued to switch

In the past 3 months, switching activity has decreased as expected during the lockdowns, which has restricted activity such as house moving and renovations.

An average of 3,836 switches per month were completed, which translates to an annual churn rate of about 16 percent.

	July	August	September
2020	4961	4240	4166
2021	3831	3146	3061



Around 78 per cent of consumer switches are completed within three business days and 97 per cent are completed within seven business days.

This is a substantial improvement over 2009, when only 39 per cent of switches were completed within three business days and 50 per cent within seven.

2. Our Work in Progress

Annual Report published

Our Annual Report process includes a reflection on the past financial year's work programme, upcoming strategy, financial statements, corporate governance, and co-regulation.

The Annual Report was delivered to the Minister, then gazetted and published on our website on Friday, 8 October 2021.

Advanced Gas Metering issues paper available

Gas Industry Co has published our Advanced Gas Metering – Issues Assessment paper. It sets out a preliminary list of potential issues on the deployment of advanced metering technology into the gas market.

Gas Industry Co has developed a list of potential issues following informal discussion with stakeholders about the current state of advanced gas metering.

The preliminary issues are set out in the Issues Assessment paper, you can read it [here](#).

The deadline for submissions is 29 October 2021 at 5:00pm

Information Disclosure papers under development

We released the final Statement of Proposal: Gas Production and Storage Facility Outage Information (SOP) paper for consultation on 20 July 2021.

Our conclusion in this paper was that the most practical way to implement information disclosure arrangements for gas production and storage facility outage information is within a framework of regulations (and/or rules) under the Gas Act.

We are currently developing a recommendation to the Minister of Energy and Resources to make new gas governance arrangements for the disclosure of this information.

D+1 replacement project

For the last six years, Gas Industry Co has operated a pilot D+1 model which provides retailers/shippers with an estimate of their customers' consumption at each gas network the day after gas has flowed.

We are now proceeding with a D+1 replacement project to replace the pilot model with a more robust and formalised set of D+1 systems and arrangements.

The project is tracking to schedule with only nominal disruption resulting from the current COVID-19 lockdown.

In July, daily operation and hosting of the pilot model was transitioned to EMS (a subsidiary of Transpower). This completed the first phase of the project.

In August, the first project milestone was achieved, delivering a project plan, test plan and a draft system requirements document.

EMS are making good progress, having established the IT environment in the cloud on which the developers are now building the new system.

Critical Contingency Operator appointment

New Plymouth-based Plant and Platform Limited has been appointed Critical Contingency Operator under the Gas (Critical Contingency Management) Regulations 2008 (Regulations).

The appointment takes effect from 1 March 2022, following a hand-over from the current Critical Contingency Operator. The existing Critical Contingency Operator, Core Group, continues in the role until then.

Hand over arrangements will include transfer of information, including historical loads, curtailment bands, and deferred curtailment arrangements.

Critical Contingency Management review

Last month we released our Summary of Submissions and Next Steps for Amending the Critical Contingency Management Regulations ('Submissions Summary'). The Submissions Summary highlights proposals we intend to take forward to a final Statement of Proposal.

Our next steps involve publicising the final Statement of Proposal, which we expect to do by the end of the year.

Gas Industry Insights

Gas production and major user consumption

Gas production and consumption charts showing gas output from most major fields and the consumption of gas by several large users are updated three times a week and can be found [here](#).

Find Us

Gas Industry Company is the industry body that co-regulates gas to ensure New Zealanders enjoy safe, efficient, fair, reliable, and environmentally sustainable gas delivery. We work closely with industry players and regulatory agencies to develop arrangements and regulations.

To get in touch or to find out more about the work we do, please contact us on 04 472 1800 or at info@gasindustry.co.nz or head to our website www.gasindustry.co.nz

Upcoming Events Calendar

What	When	Notes
Co-regulatory forum	2 December 2021	