



GAS INDUSTRY COMPANY LIMITED



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Strategic Issues for the Gas Industry

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Agenda

- Energy policy objectives
- Role of gas industry
- Gas Industry Co's mandate
- Current GPS
- Future priorities

Energy policy framework

Government expects the energy sector to:

- Deliver secure, clean energy at affordable prices to support economic development while being environmentally responsible
- Respond to climate change by tackling carbon emissions from our energy production and use

Goal of 90% renewables by 2025

Role of gas industry

In other countries, gas is seen as a low emissions alternative to coal fired power generation

In NZ, gas has a different profile

It is primarily seen as an important fuel to ***maintain security of supply ...***

as we transition to sustainable energy future

Gas sector policy

To fulfill this role of ***securing supply***, we need:

- diverse sources of gas
- new entrants

Likely to see continuation of

- upstream initiatives
- use by Minister of regulatory powers

Rules to promote competition, ensure access and protect consumers

2004 Gas Act amendments

Regulatory powers delegated to Minister

- are not unlimited
- must follow a particular process

Gas Industry Co's core role is to give advice to the Minister on the exercise of those powers

Today we will discuss co-regulatory processes and our approach

Our current mandate

- **Consumer outcomes** – access to disputes resolution, default contract terms
- **Retail and wholesale market development** – market structures and systems (registry, reconciliation, spot market, outage management)
- **Infrastructure access** (capacity information, access rules)

Today we will also address
work stream progress

Future priorities

- Continue the work to remove barriers to competition and develop market structures and systems
- Appoint service providers and monitor industry compliance with new arrangements
- Consider further intervention where competition is not delivering the right outcomes for consumers

Conclusions

- Government seeking low emissions future
- Gas industry will need to adapt
- Policy environment still based on markets
- Focus today on:
 - Work stream progress
 - Co regulatory processes and functions