



STATEMENT OF INTENT


2014-2016



CONTENTS

1. FOREWORD	2
2. OPERATING ENVIRONMENT	4
2.1 Industry context	4
2.2 Legislative and policy framework	4
2.3 Gas Industry Co strategic direction	6
2.4 Gas Industry Co governance	7
3. WORK PROGRAMME	8
3.1 Strategic Goal: Build efficient, competitive, and confident gas markets	8
3.2 Strategic Goal: Facilitate efficient use of, and timely investment in, infrastructure	10
3.3 Strategic Goal: Deliver effectively on Gas Industry Co's accountabilities as the industry body	13
4. OTHER INFORMATION	16
5. FINANCIAL STATEMENTS	20
6. DIRECTORY	28

This Statement of Intent has been prepared by Gas Industry Company Limited (Gas Industry Co) to fulfil the requirements of sections 43ZQ to 43ZV of the Gas Act 1992 ('Gas Act'). It sets the intended scope and objectives of Gas Industry Co's operations for the financial years 2014-2016, and provides information about the Company and its operating environment.



Rt Hon James B. Bolger, ONZ
CHAIR



Robin Hill
DEPUTY CHAIR

JUNE 2013

1. FOREWORD

Gas Industry Co was established in 2004 to fulfil the role of the 'industry body' under Part 4A of the Gas Act, and is now in its ninth year of operations. In assessing the challenges and opportunities of the next three years, the Board has reconfirmed the Company's current strategies as appropriate for driving positive outcomes for the industry, consumers and for the Government, as our partner under the co-regulatory model.

The overarching statutory objective for Gas Industry Co in developing industry governance arrangements is *for gas to be delivered to existing and new customers in a safe, efficient, fair, reliable and environmentally sustainable manner*. Our strategic focus remains *to optimise the contribution of gas to New Zealand and to provide leadership for the gas industry*. It is centred on:

- » building efficient, competitive and confident gas markets.
- » facilitating the efficient use of, and timely investment in, gas infrastructure.
- » delivering effectively on our accountabilities as the industry body.
- » communicating the New Zealand Gas Story, including the industry's performance.

These strategic intentions are strongly coupled to the Government's policy aspirations for the gas industry, as embodied in the New Zealand Energy Strategy and associated work under the Business Growth Agenda on 'building sustained growth from our natural resources', and Petroleum Action Plan on 'unlocking and maximising New Zealand's petroleum potential'.

Our work is also guided by Gas Act and 2008 Government Policy Statement on Gas Governance (GPS) requirements for competitive markets and for the provision of information on the state and performance of the industry. These policy principles are factored into regulated or non-regulated gas governance proposals that we develop.

There are three core threads to our work programme:

- » progressing the development of solutions to significant issues that we have agreed with industry stakeholders are matters in need of priority attention. These include the Gas Transmission Investment Programme (GTIP) initiative and improvements to gas critical contingency management arrangements. We are encouraged that a number of stakeholders are continuing to support these projects in a tangible way by committing substantial resources to them.
- » completing work on other committed multi-year workstreams. These currently range from ensuring appropriate mechanisms are in place in the event of gas retailer insolvency, to facilitating industry initiatives addressing gas quality concerns, transmission pipeline balancing improvements and overseeing industry proposals for the development of a wholesale gas market platform.
- » meeting our statutory requirements, including the administration of existing gas governance regulations and arrangements, and their associated compliance regime, that ensure the smooth day-to-day operation of the industry. They include recently-implemented assessment schemes designed to improve contract arrangements between industry participants. Another important element of this work is periodically reviewing existing arrangements to confirm their ongoing relevance and effectiveness, and consulting on appropriate changes where improvements are identified.

A comprehensive report by Gas Industry Co on the current state and performance of the gas industry – also referred to as the New Zealand Gas Story – was issued in the second half of FY2013 and has been well received by industry stakeholders.

The structure and content of our work programme are developed in consultation with industry stakeholders, including Government. Work prioritisation is driven by a matrix of legal requirements, existing commitments and dealing with the agreed matters of urgency, while also reflecting objectives to achieve efficiency and value for money in a global climate of cost restraint.

While it is always possible that unplanned, unbudgeted issues may arise – as they have in recent years with the Maui gas pipeline outage and the E-Gas retailer insolvency – Gas Industry Co does not seek to anticipate such contingencies in its work programme or funding requirements. We remain conscious of the potential for new demands on our resources and, should urgent unplanned work arise, we will reassess our priorities and our capacity to deliver on other planned milestones. A prime example is the development of the GTIP from late 2010, arising from industry concerns over the long-term outlook for gas transmission capacity availability in the Auckland region. This required a significant revision of our work programmes and expenditure.

We maintain strong cost management processes, both as good business practice and in keeping with Government expectations for Gas Industry Co, as an entity funded by a levy on industry, to reduce costs and demonstrate value. Cost management is exercised through a combination of maintaining a clear focus on the things that matter most, and ensuring our services are modern, responsive and efficient.

We also seek improved efficiencies in our workstreams as progress gives rise to opportunities to do so. The GTIP scope, for example, is now planned and resourced to address identified issues that will ultimately move the market forward, rather than moving directly to the design and development of a new market system.

Accordingly, as with all planning and budgeting processes, we seek to build flexibility into our projected work programme to respond quickly and positively to new market developments, changing priorities and unforeseen events.



Rt Hon James B. Bolger, ONZ
CHAIR



Steve Bielby
CHIEF EXECUTIVE

JUNE 2013

2. OPERATING ENVIRONMENT

Gas Industry Co's work programme is directly influenced by the Company's operating environment - a combination of the industry structure, legislative and policy framework, and its own corporate strategy.

2.1 Industry Context

Natural gas makes a substantial contribution to New Zealand's economy and quality of life. It is a vital energy for some of the country's largest industries, including dairy, steel, forestry and petrochemicals, as well as for approximately 260,000 commercial and residential consumers.

It has a wide range of applications, from cooking and heating in homes, to providing energy for a variety of businesses and community amenities. Through thermal power plants, it has an important role in supporting electricity supply security.

Over the past decade, as production from the formerly predominant Maui field has declined, the New Zealand gas market has transitioned to sourcing gas from multiple new fields. This has significantly changed the market's dynamics, with a marked increase in the number of participants at all levels, and greater complexity in arrangements for transporting gas and selling it at the wholesale and retail levels.

The gas industry comprises a number of interdependent segments: exploration and production, processing, and wholesale and retail markets. These segments are connected via the high pressure gas transmission systems owned by Maui Development Limited and Vector Gas Limited, and by local distribution networks owned by Vector, Powerco Limited, GasNet Limited and Nova Energy.

Natural gas is available only in the North Island. Gas in the form of LPG (liquefied petroleum gas) is available in the North and South Islands in bulk and in bottles. In parts of the South Island it is also supplied through small reticulated LPG networks.

Gas Industry Co's regulatory oversight encompasses the natural gas wholesale and retail markets, processing facilities, and the transmission and distribution sectors of the industry (see Figure 1, Gas Industry Structure). It does not include the upstream exploration and production sector, where the Ministry of Business, Innovation and Employment (MBIE) has regulatory and policy oversight through the Crown Minerals Act. Gas Industry Co also monitors aspects of the LPG market, but at this time has not identified a need for a dedicated LPG governance arrangement.

2.2 Legislative and Policy Framework

Since 2004, the gas industry – from processing facilities, through transmission, distribution, and retail – has been governed by a unique co-regulatory model. As the industry body established under the Gas Act, Gas Industry Co facilitates the nexus between Government and industry to deliver improved governance arrangements for participants and consumers in gas markets.

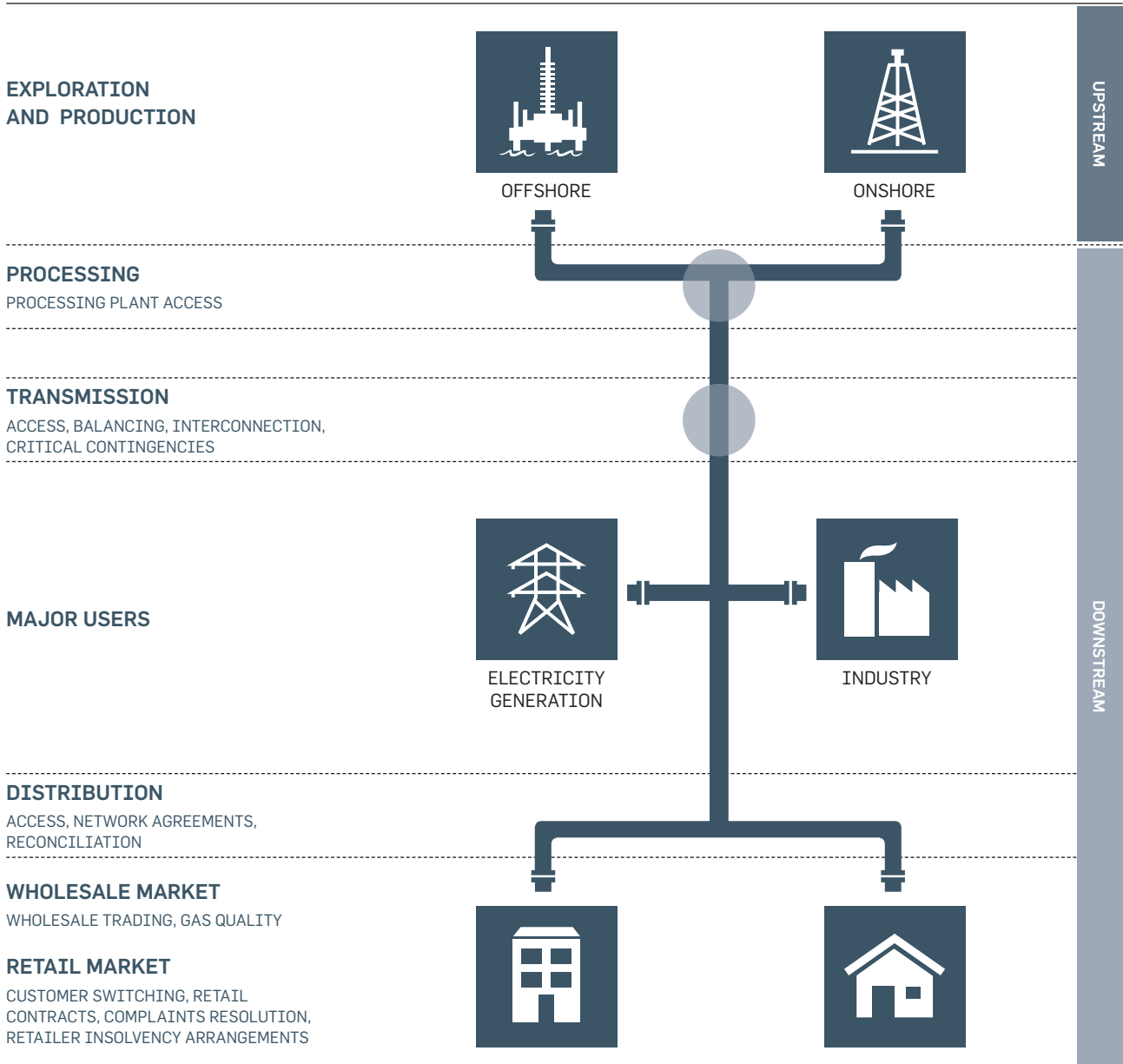
The Gas Act empowers Gas Industry Co to make recommendations to the Minister¹ on certain matters set out in the Gas Act, having regard to the objectives of the Gas Act and the objectives and outcomes of the GPS.

The Gas Act specifies the principal objective of the industry body in recommending regulations, which is to ensure that gas is delivered to existing and new customers in a safe, efficient and reliable manner. The GPS requires the industry body to also take account of fairness and environmental sustainability in all of its recommendations for industry governance arrangements.

¹ 'Minister' is defined in the Gas Act as the Minister with responsibility for administration of the Gas Act. As at the date of this Statement of Intent, the ministerial warrant for Gas Industry Co was held by the Minister of Energy and Resources. References to 'Minister' should read as references to the Minister of Energy and Resources, unless the content indicates otherwise.

FIGURE 1

GAS INDUSTRY STRUCTURE





Other key objectives specified by the Gas Act for the industry body are:

- » 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 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.

One aspect of the principal statutory objective is that formal gas governance arrangements must ensure that 'gas is delivered to existing and new customers in a *safe*²... manner'. Gas Industry Co does not have jurisdiction to create safety requirements, but it does ensure that gas governance arrangements are 'consistent with the Government's gas safety regime'. It does this by, where appropriate, scrutinising potential safety implications of all proposed arrangements. The gas safety regime is administered by MBIE and incorporates safety of gas appliances, standards for gas pipelines through the Health and Safety in Employment (Pipelines) Regulations 1999, and the occupational licensing systems for gasfitters.³

The Minister has statutory powers to make rules, or to recommend regulations, in respect of a wide range of gas governance matters. Under the co-regulatory model, the industry body makes recommendations to the Minister and must follow prescribed procedures before doing so. The procedures include requirements for consultation with industry participants and other stakeholders, and an obligation to assess the costs and benefits associated with any recommendation. When developing advice on governance arrangements, Gas Industry Co must consider all reasonably practicable options, including non-regulatory options that achieve the same outcome.

Gas Industry Co monitors the effectiveness of governance arrangements already in place through a set of industry performance measures, which are published on its website.

2.3 Gas Industry Co Strategic Direction

Consistent with the legislative and policy framework described above, Gas Industry Co's Board has set a corporate strategic direction that reflects the co-regulatory industry governance model and establishes goals that will enable it to fulfil its important role as the industry body and co-regulator.

STRATEGIC GOAL:

OPTIMISE THE CONTRIBUTION OF GAS TO NEW ZEALAND

Gas has made a key contribution to New Zealand since the development of the industry from the 1970s. There is an important future role for gas, particularly in providing a competitive energy option for consumers, underpinning electricity supply security, and supporting the New Zealand economy, all consistent with environmental sustainability goals. As there is a range of possible future supply and demand scenarios for gas, the challenge, in line with Government energy policy, is how New Zealand can make the most of its gas resources, for the benefit of all New Zealanders.

² Emphasis added.

³ A more detailed description of the gas safety regime and Gas Industry Co's relationships with these other agencies can be found in Gas Industry Co's comprehensive review of the industry: *The New Zealand Gas Story*. www.gasindustry.co.nz/publications/new-zealand-gas-story-2013

PURPOSE:

**PROVIDE LEADERSHIP FOR THE GAS INDUSTRY
AND THE NEW ZEALAND GAS STORY**

The gas industry is dependent on a range of participants, from upstream explorers and producers through to customers; on competitive markets; and ongoing investment at all stages. Gas Industry Co, as the industry body, is well-positioned to understand and analyse issues facing the gas industry from all of these viewpoints. Gas Industry Co will be a leader in making the next phase in the New Zealand Gas Story a success.

OBJECTIVES:

- » build efficient, competitive, and confident gas markets.
- » facilitate efficient use of and timely investment in gas infrastructure.
- » deliver effectively on Gas Industry Co's accountabilities as the gas industry body.
- » build and communicate the New Zealand Gas Story (includes review of industry performance).

2.4 Gas Industry Co Governance

Gas Industry Co is owned by industry participant shareholders and is incorporated as a company under the Companies Act 1993. Strategic oversight of the Company is provided by the Board of seven Directors, all elected by the shareholders. Four Directors, including the Chairman, are independent (having no material interest in an industry participant), and three are non-independent representatives of the industry (usually senior executives of industry participants). The Board normally meets on up to 10 scheduled occasions each year and will hold unscheduled meetings from time to time to consider matters requiring immediate attention.

The Board has one standing committee, the Independent Directors' Committee, comprising the four Independent Directors. The Committee is able to address matters where the non-independent Directors have potential or actual conflicts of interest.

3. WORK PROGRAMME

This section outlines the intended scope of Gas Industry Co's operations for the three financial years, ended 30 June, in 2014 to 2016.

The work programme has been developed having regard to the Gas Act and GPS objectives and outcomes set for the gas industry, and Gas Industry Co, as well as the need to meet various statutory accountabilities, such as monitoring and administering existing governance arrangements, and reporting requirements under the Gas Act and Companies Act. The multi-year scope of the Statement of Intent recognises that policy development requires comprehensive consultation and that the results of consultation provide the opportunity for continuous improvements in policy thinking. Any governance arrangements arising from a workstream may take the form of regulations, or a non-regulatory, market-based solution.

Projects are grouped below by strategic goals set out in 'Gas Industry Co Strategic Direction' in section 2.3.

3.1 Strategic Goal: Build efficient, competitive, and confident gas markets

GAS QUALITY

This workstream has developed in response to industry and large end-user concerns about the responsibility and liability for gas quality in New Zealand. Some participants believe responsibilities are unclear, or not well aligned with liabilities. Activity in FY2013 centred on addressing immediate concerns by facilitating industry-led solutions, in particular the gas retailers' Information Exchange Protocol (IEP), and considering what further work may be required to ensure gas quality arrangements allow for the safe, efficient, and reliable delivery of gas.

FORECAST ACTIVITIES FY2014-FY2016

- » Any remaining issues on gas quality will be assessed in FY2014. By that time, Gas Industry Co will have greater clarity on matters to be addressed by the IEP and able to identify any gaps.
- » Continue to monitor/assess industry-led solutions for gas quality.
- » Work with other agencies as required to better align regulatory obligations with parties able to control outcomes.
- » Consult on any substantive issues that arise and, if necessary and where feasible, implement further measures to address the Gas Act and GPS objectives.

RULE CHANGES

During FY2013, the Minister endorsed Gas Industry Co's recommendation for first stage amendments to the Gas (Downstream Reconciliation) Rules 2008 (Downstream Reconciliation Rules), and related systems changes were implemented. The Minister also received for consideration recommendations to amend the Gas Governance (Critical Contingency Management) Regulations 2008 (CCM Regulations), encapsulating improvements identified from the 2011 Maui pipeline outage; and the Gas Governance (Compliance) Regulations 2008 (Compliance Regulations), incorporating efficiency improvements as well as consequential changes arising from the critical contingency management review. Gas Industry Co is progressing work on possible amendments to the Gas (Switching Arrangements) Rules 2008 (Switching Rules).



FORECAST ACTIVITIES FY2014-FY2016

- » Remaining issues associated with Switching Rules changes will be addressed in FY2014.
- » Address the second stage of amendments to the Downstream Reconciliation Rules.
- » Subject to Ministerial approval, implement amendments to the CCM Regulations and facilitate transition arrangements.
- » Subject to Ministerial approval, implement changes to the Compliance Regulations.
- » Ongoing monitoring and review of existing gas governance arrangements; implement improvements where identified.

RETAILER INSOLVENCY

Following a request from the Minister, this workstream was formed to consider the market issues created when a gas retailer becomes insolvent and to determine whether permanent regulations are required to manage any future instances of insolvency. Significant interest was expressed in this area through submissions to the retrospective consultation on the regulations made under urgency in 2010. During FY2013 Gas Industry Co released, and consulted on, an independent report by Castalia Strategic Advisers, and, in the second half of the year, a subsequent Options Paper setting out available measures for managing market failure risk posed by continuing gas consumption by consumers 'orphaned' by a retailer insolvency. Advice on insolvent retailer arrangements was provided to the Minister in FY2013 following consideration of options ranging from regulated to market-based solutions. Gas Industry Co maintains close liaison with the Electricity Authority (EA), which is undertaking a similar workstream in respect of an electricity retailer insolvency. However, although there are a number of dual (electricity and gas) energy retailers, it cannot be assumed that the same solution will apply to both gas and electricity, given the structural differences in the two markets.

FORECAST ACTIVITIES FY2014-FY2016

- » Develop a Statement of Proposal in FY2014, if a regulatory solution is considered necessary.
- » Alternatively, if a non-regulated solution is feasible, develop a high-level design of a governance framework and associated consultation process.
- » Keep abreast of the EA's work relating to retailer insolvency.

DISTRIBUTION CONTRACTS OVERSIGHT SCHEME

In FY2013, the Minister endorsed Gas Industry Co's recommendation that gas distributors' contracts be assessed, by an independent assessor, against a common set of distribution principles under a Gas Distribution Contracts Oversight Scheme (Oversight Scheme). Assessments under the Oversight Scheme measure progress by distributors in reflecting the principles in their contracts (also referred to as Use of System Agreements – UoSAs) with retailers. The first assessment commenced in February 2013, and the results are expected to be reported by 30 June 2013. The scope of the first assessment was revised as work by the industry on these arrangements had not progressed sufficiently. It is expected that a full assessment can be conducted in February 2014.



FORECAST ACTIVITIES FY2014-FY2016

- » Undertake a full assessment as per the Oversight Scheme requirements.
- » Review and report to the Minister by May 2014.
- » Ongoing monitoring and review, including appropriate frequency of assessments based on experience and distributors' progress with adopting the principles.

RETAIL CONTRACTS OVERSIGHT SCHEME

In 2010, Gas Industry Co established a series of benchmarks for retailers' contracts with small gas users, consistent with Government policy objectives for satisfactory customer outcomes. Annual independent assessments under the Retail Contracts Oversight Scheme (Retailer Scheme) of retailers' contracts with these consumers has shown a progressive improvement from 'moderate' to 'substantial' overall alignment with the benchmarks. During FY2013, Gas Industry Co is reviewing the benchmarks and the associated assessment regime, and consulting with retailers.

FORECAST ACTIVITIES FY2014-FY2016

- » Complete a review of the Retail Scheme design and assessment frequency, including consideration of an option of 'assessment by exception'.
- » Review the benchmarks in light of proposed consumer law reforms.

INFORMATION GATHERING PROJECT

This workstream is intended to establish a framework by which Gas Industry Co can access the information it needs to settle particular issues that arise in the gas industry. A voluntary information gathering protocol is expected to be in place by the end of FY2013.

FORECAST ACTIVITIES FY2014-FY2016

- » Monitor the effectiveness of the voluntary information gathering process.
- » Consider the design of further arrangements if substantive issues arise; implement further arrangements as necessary.

3.2 Strategic Goal: Facilitate efficient use of, and timely investment in, gas infrastructure

GAS TRANSMISSION INVESTMENT PROGRAMME (GTIP)

The GTIP arose from major gas consumers' concerns over the long-term outlook for gas transmission capacity availability in the Auckland region. The GTIP encompasses a number of interlinked projects relating to the efficient use of, and timely investment in, infrastructure. It is being assisted by a Panel of Expert Advisers (PEA), and an oversight Panel of Strategic Advisers (PSA), both comprising a cross section of industry participant and consumer representatives.

During FY2013, the PEA provided preliminary advice on its work to date and recommended a way forward. Following industry stakeholder feedback, the PEA's work and objectives continue to be refined to reflect knowledge gained to date. Significant developments during FY2013 included the establishment of the Gas Transmission Exchange (GTX) as an online bulletin board to facilitate capacity trading, and the release of New Zealand's first substantive gas supply and demand outlook report that will inform the GTIP work (see 'Gas Demand Outlook' below).

Bridge Commitments

The Bridge Commitments are a package of seven measures that Vector and gas shippers have agreed to undertake to address short-term concerns about competition on the North Pipeline.

FORECAST ACTIVITIES FY2014-FY2016

- » Monitor competitive tenders for gas supply by large end-users, and their outcome.
- » Monitor capacity trading activity, including operation of the GTX.
- » Monitor the effectiveness of the Bridge Commitments in enhancing retail competition on the North Pipeline.

Gas Demand Outlook

As part of the GTIP work, Gas Industry Co commissioned the first dedicated study of future gas supply and demand, which considered a range of scenarios to the year 2027. The model and accompanying report were completed in FY2013 and will be used to assess the likely need for, and timing of, additional investment in transmission capacity or its alternatives.

FORECAST ACTIVITIES FY2014-FY2016

- » Run scenarios as required to inform GTIP deliberations and to test investment options for transmission or non-transmission alternatives.
- » Determine the frequency for updating the model and accompanying report to ensure currency/relevancy.

Testing Investment Options

A key function of the GTIP is to ensure there is a clear pathway to investment in all gas transmission infrastructure. The objective is to avoid the risk that an unclear pathway may obstruct necessary investments and result in them being delayed or not occurring. During FY2013, work in this regard included investigating options for implementing new transmission capacity where it is required, and continued close liaison with the Commerce Commission, which administers economic regulation of gas pipelines, and other stakeholders to understand how prospective new investments can be developed.

FORECAST ACTIVITIES FY2014-FY2016

- » Identify and analyse any obstructions to efficient investment options that may exist within the current industry structure and regulatory context.
- » Develop a seed paper describing the investment landscape and identifying features that require attention.

Transmission Access and Pricing

The transmission access and pricing project aims to ensure that transmission pipeline access arrangements transparently provide for the efficient utilisation of the open access transmission pipelines. Its main objective is to evolve the existing transmission arrangements so as to improve productive, allocative and dynamic efficiency. The longer term question is whether more fundamental changes would bring further efficiency improvements that would justify the additional investment of industry time and resources. Activity in FY2013 considered near-term improvements that will move transmission arrangements closer to the characteristics of the ideal transmission market, facilitating the implementation of those improvements by industry arrangements and/or regulation, as appropriate, and continued engagement and communication/consultation with the wider gas community.



FORECAST ACTIVITIES FY2014-FY2016

- » Continue the momentum of activity undertaken during FY2013.
- » Re-focus from solution design to identification and implementation of preferred option for improved access and pricing arrangements.
- » Provide secretariat support for the PEA and PSA as required.

TRANSMISSION PIPELINE BALANCING

Transmission pipeline balancing has proven to be a challenge due to the different operating arrangements on the Vector and Maui pipelines, and the absence of a unified industry approach to balancing. The industry requested an opportunity to solve the balancing issues without the need for regulatory intervention and has been working on solutions since 2009.

In early FY2013, Gas Industry Co endorsed changes to the Maui Pipeline Operating Code (MPOC) that are designed to improve balancing processes. Implementation of these changes was deferred until 1 June 2013 to allow time for consequential changes to the Vector Transmission Code (VTC) to occur. Progress on balancing is reported to the Minister on a regular basis. This workstream has connections with the GTIP, code changes, downstream reconciliation and the wholesale gas market.

FORECAST ACTIVITIES FY2014-FY2016

- » Consider the need for regulated solutions if the industry-led initiatives prove to be inadequate.
- » Consider the nature and timing of any regulatory action in the context of other related workstreams, and in particular GTIP access and pricing outcomes.

INTERCONNECTION

Gas Industry Co has established guidelines setting out the Company's expectations for transmission system owners' policies and procedures for third party connections to their pipelines. As agreed with the Minister, Gas Industry Co assesses new transmission interconnection agreements against these guidelines, with a view to determining whether transmission owners' interconnection policies present undue barriers to entry. Gas Industry Co had an obligation to monitor and review two new interconnection arrangements on each of the Maui and Vector transmission pipeline systems and to advise the Minister of any new interconnection issues by 2013.

FORECAST ACTIVITIES FY2014-FY2016

- » Dependent on interconnection activity. Interconnections are few and sporadic, and there is no forward information on them.

CODE CHANGES AND APPEALS

Under memoranda of understanding with Maui Development Limited and Vector, Gas Industry Co processes MPOC change requests and VTC change request appeals. During FY2013, Gas Industry Co received for processing two MPOC change requests and two VTC change request appeals.

FORECAST ACTIVITIES FY2014-FY2016

- » Process MPOC change requests and VTC appeals as required.



3.3 Strategic Goal: Deliver effectively on Gas Industry Co's accountabilities as the gas industry body

ACCESS TO GAS PROCESSING FACILITIES

The Gas (Processing Facilities Information Disclosure) Rules 2008 (Processing Information Disclosure Rules) gather information on gas processing facilities with a view to settling the issue of whether access to such facilities should be regulated. They expire in 2014.

During FY2013, following consultation with gas processing facility owners and the wider industry on experience with the Processing Information Disclosure Rules, Gas Industry Co has recommended to the Minister that regulated access to processing facilities is not required, and that the information disclosure regime should be allowed to lapse.

FORECAST ACTIVITIES FY2014-FY2016

- » Receive and publish returns from processing facility owners in respect of FY2013.
- » Receive reports from access-seekers (if any).
- » Develop any future activity consistent with the Minister's decision on the recommendation.

DOWNSTREAM RECONCILIATION

The purpose of the Downstream Reconciliation Rules is to establish a set of uniform processes that will enable the fair, efficient, and reliable allocation and reconciliation of downstream gas quantities. Under the Downstream Reconciliation Rules, Gas Industry Co has an ongoing obligation to oversee the operation of the Allocation Agent and other Rule provisions. Gas Industry Co also monitors allocation results so as to identify, at an early stage, any issues so that they may be addressed in a timely fashion. This work complements that of a number of industry participants who also undertake monitoring and, from time to time, identify issues to Gas Industry Co or the Allocation Agent.

These rules have been instrumental in reducing the level of unaccounted-for gas (UFG) at the final allocation stage, and this is largely due to the efforts of industry participants, the increased transparency of the processes for reconciliation, the application of the global methodology, compliance activities, and issues identified and resolved through performance and event audits undertaken to date. Collectively, this represents an ongoing stream of cost savings for the industry in excess of \$2.5 million per annum.

Proposed changes to the Downstream Reconciliation Rules are discussed under 'Rule Changes' in 3.1 (above).

FORECAST ACTIVITIES FY2014-FY2016

- » Monitor Allocation Agent.
- » Assess ongoing performance of the Downstream Reconciliation Rules.
- » Monitor allocation results.
- » Commission performance and event audits as required.
- » Make determinations under the Downstream Reconciliation Rules as required.

SWITCHING

The purpose of the Switching Rules is to enable consumers to choose, and alternate efficiently and satisfactorily between, competing retailers. The Switching Rules provide for a centralised database, the gas registry, which stores key parameters about every customer installation and monitors each switch from initiation through to completion.

FORECAST ACTIVITIES FY2014-FY2016

- » Monitor gas registry service provider.
- » Assess ongoing performance of the Switching Rules.
- » Monitor switching statistics.
- » Make determinations under the Switching Rules as required.

CRITICAL CONTINGENCY MANAGEMENT

The CCM Regulations objective is to 'achieve the effective management of critical gas outages and other security of supply contingencies without compromising long-term security of supply'. They provide for the appointment of a Critical Contingency Operator (CCO), a role that is responsible for determining, managing, and terminating critical contingencies, as well as associated activities such as training and running exercises. Proposed changes to the CCM Regulations as a result of the 2011 Maui pipeline outage are discussed under 'Rule Changes' in 3.1 (above). Subject to the Minister's decision on these proposed changes, transition arrangements will require increased activity for this workstream in FY2014.

FORECAST ACTIVITIES FY2014-FY2016

- » Monitor the CCO under the Service Provider Agreement.
- » Appoint/monitor service providers as required.
- » Monitor exercises and events as required.
- » Administer contingency pool as required.
- » Process Essential Service Provider (ESP) and Minimal Load Consumer (MLC) applications and manage the transition for the amended CCM Regulations.

COMPLIANCE

The Compliance Regulations are an overarching set of regulations that provide for monitoring and enforcement of the other gas governance rules and regulations. The compliance arrangements are designed as a low-cost means of settling rules breaches that raise material issues. Alleged breaches deemed by the Market Administrator to raise material issues are referred to an independent Investigator. Settlements reached with the Investigator, and matters in which parties are unable to settle breaches, are referred to a one-person Rulings Panel, a quasi-judicial body, for approval or determination respectively. The Rulings Panel can issue fines, make orders for compensation, and make orders directing compliance and/or suspending or terminating participants.

As new rules have been introduced, there is typically an increased level of enforcement activity as participants adjust to the new arrangements. Breach statistics reported in Gas Industry Co's quarterly reports on the industry's performance demonstrate that 'teething troubles' with new rules/regulations are short-lived and enforcement activity is generally low.



FORECAST ACTIVITIES FY2014-FY2016

- » Perform the Market Administrator role.
- » Assist the Investigator and Rulings Panel as required.
- » Monitor regulations for effectiveness.

NEW ZEALAND GAS STORY

Gas Industry Co is required by the Gas Act to report on the present state and performance of the gas industry. As reflected in the Company's corporate strategy, there is a role for Gas Industry Co to take a wider look at the industry and communicate – through analysis and debate – the wider New Zealand Gas Story.

Apart from fulfilling the statutory reporting requirement, this work is intended to help the industry shape its own future in a more strategic sense, and to provide an information base for all stakeholders. In addition to a review document, the New Zealand Gas Story is communicated through such channels as Gas Industry Co's website, the Company's annual and quarterly reports, and presentations to various stakeholder groups by the Chief Executive.

In the second half of FY2013, Gas Industry Co issued its report, *The New Zealand Gas Story – The State and Performance of the New Zealand Gas Industry*, to the Minister and the wider public. Gas Industry Co will continually update the report to incorporate new information as it arises, to maintain the New Zealand Gas Story as a current online resource.

FORECAST ACTIVITIES FY2014-FY2016

- » Update the New Zealand Gas Story to incorporate updated statistical information, and significant policy, regulatory, and operational developments as they occur.

STATEMENT OF INTENT, ANNUAL REPORT AND OTHER REPORTING

The Gas Act requires the industry body to provide its Annual Report to the Minister within three months of the end of the financial year (the Minister then tables it in the House of Representatives). Similarly, the Statement of Intent (formerly called the 'Strategic Plan') is required to be submitted to the Minister for comment prior to being finalised and published. As evidenced by this paper, this document is developed in close consultation with industry participants and other stakeholders.

Gas Industry Co also provides, and publishes, Quarterly Reports to the Minister, and publishes monthly reports on industry performance measures, including gas consumer switching and compliance.

FORECAST ACTIVITIES FY2014-FY2016

- » Prepare/publish an annual Statement of Intent, within statutory timeframes, for comment by the Minister.
- » Prepare/publish an Annual Report to meet statutory timeframes. Provide to the Minister for tabling in the House.
- » Prepare/publish Quarterly Reports to the Minister.
- » Fulfil compliance, industry performance measures and switching statistics reporting requirements.

4. OTHER INFORMATION

GAS INDUSTRY CO FUNDING

Gas Industry Co has three sources of funding to meet the costs expected to be incurred in delivering effective co-regulation and fulfilling its statutory and GPS obligations. They are:

- » a levy on industry participants pursuant to the Gas Act.
- » market fees imposed pursuant to various rules or regulations made under the Gas Act.
- » an annual shareholder fee.

LEVY FUNDING

Section 43ZZB of the Gas Act enables Gas Industry Co to recommend to the Minister that industry participants be required to pay a levy to cover the costs of Gas Industry Co exercising its functions as the industry body. The levy covers the costs of the Company's policy work and market administration (excluding external service providers and some consultants). Any excess levy recovered in a financial year is generally refunded to industry participants in the following year.

MARKET FEES

Section 43S of the Gas Act enables gas governance regulations or rules to be made that provide for the funding by industry participants of the operation of those regulations or rules. The Switching Rules, Downstream Reconciliation Rules, CCM Regulations, and the Compliance Regulations contain market fee provisions. These fees are used to recover costs of external service providers and consultants, as contemplated by the relevant regulations.

ANNUAL FEES

Gas Industry Co's Constitution requires all shareholders to pay an annual fee to Gas Industry Co, which is set by the Board. Currently, that fee is \$5,000 per shareholder per annum. The Board has resolved that these fees will be set aside to establish cash reserves.

Additional Reporting

In addition to the reporting described in 'Statement of Intent, Annual Report and Other Reporting' (above), Gas Industry Co provides the Minister with briefings and advice as requested, or as necessary. There are no specific matters, outside those detailed in this Statement of Intent, on which Gas Industry Co expects to make a decision that would require it to consult or notify the Minister.

Service Providers

The following entities and individuals have been engaged by Gas Industry Co to meet the requirements of various gas governance arrangements:

Governance Arrangement	Role	Service Provider
Switching Rules	Registry Operator	Jade Software Corporation
Downstream Reconciliation Rules	Allocation Agent	NZX Limited
CCM Regulations	Critical Contingency Operator	Vector Limited
Compliance Regulations	Rulings Panel	Hon Sir John Hansen KNZM (retired High Court Judge)
	Independent Investigator	Jason McHerron, Barrister
Retail Gas Contracts Scheme	Independent Assessor	Elwood Law
Distribution Contracts Scheme		

Expenses

The following table sets out the estimated direct costs for each workstream and corporate expenses for the year ended 30 June 2014. Some workstream costs are divided between the Wholesale and Retail Categories.

Workstream	\$
Retail	
Downstream Reconciliation	750,000
Switching & Registry	292,025
Compliance & Enforcement	72,000
Retail Issues	
– Retail Contracts	20,000
– Distribution Contracts	30,000
Rule Changes	100,000
– Downstream Regulations Review	
– Switching Regulations Review	
– Compliance Regulations Review	
Insolvent Retailers	20,000
Bridge Commitments	
– Bulletin Board	10,000
Statutory Accountability	12,000
NZ Gas Story	22,500
Information Gathering	5,000
Total Retail	1,333,525
Wholesale	
GTIP	430,000
– Supply/Demand	
– Transmission Access & Pricing	
– Regulatory Projects	
Infrastructure Access	80,000
– Gas Quality	
– Pipeline Balancing	
– Pipeline Interconnection	
– Industry Facilitation	
Compliance & Enforcement	18,000
Critical Contingency Management	483,000
Statutory Accountability	12,000
NZ Gas Story	22,500
Information Gathering	5,000
Total Wholesale	1,050,500
Other Expenses	
Board	262,460
Corporate Consultancy	130,000
Salaries	2,199,142
Overheads	773,372
Depreciation on industry assets	392,153
Total Other Expenses	3,757,127
TOTAL EXPENSES	6,141,152

Note: The service provider costs in the above table are provided for completeness and, as they had to be prepared in early 2013, are based on the FY2013 estimates. As those costs are met through market fees they do not affect the calculation of the levy funding requirement. Revised estimates have since been published on Gas Industry Co's website.

WORK ACTIVITIES COMPARISON WITH GOVERNMENT

The following table sets out the different elements of the work programme discussed in this Statement of Intent, and the particular Government policy objectives to which the outcomes of these activities relate. The shaded areas designate where a work activity directly covers a specified policy objective and outcome.

WORK ACTIVITY	GAS QUALITY	RULE CHANGES	RETAILER INSOLVENCY	DISTRIBUTION CONTRACTS SCHEME	RETAIL CONTRACTS OVERSIGHT SCHEME	INFORMATION GATHERING	GAS TRANSMISSION INVESTMENT PROGRAMME
GOVERNMENT POLICY							
Gas is delivered in a safe, efficient, fair, reliable, and environmentally sustainable manner							
Access to key infrastructure on reasonable terms and conditions Consistent standards/ protocols for distribution pipeline access							
Efficient, competitive market arrangements Barriers to competition are minimised							
Incentives for investment are maintained or enhanced							
Delivered gas costs and prices are subject to sustained downward pressure							
Risks relating to security of supply are managed							
Consistency with gas safety regime							
Energy and other resources are used efficiently							
Full costs of producing and transporting gas are signalled to consumers							
Consumer benefits/long term interests of consumers protected							
Efficient retail market, including switching and downstream reconciliation arrangements							
Efficient wholesale market, including short-term trading arrangements; upstream reconciliation							
Sound arrangements exist for the management of gas critical contingencies							
Appropriate compliance and dispute resolution processes							
Gas governance arrangements monitored for ongoing relevance/effectiveness							
Good information is publicly available on the performance and present state of the gas sector							

5. FINANCIAL STATEMENTS

In accordance with section 43ZR of the Gas Act, Gas Industry Co's forecast financial statements are set out as follows.

These statements have been prepared using information consistent with that used for the calculation of the FY2014 Gas Industry Co levy. Further detail about the assumptions, revenue calculations and workstream expenses used to calculate the FY2014 levy can be found in the Statement of Proposal on FY2014 Strategy, Work Programme & Levy, issued on 20 December 2012 (available on Gas Industry Co's website, www.gasindustry.co.nz).

The FY2013 forecast was approved by Gas Industry Co's Board on 27 March 2013 and includes actual results for the period July 2012 to February 2013, and an up-to-date forecast for the period March to June 2013.

We acknowledge responsibility for the forecast financial statements contained in this report and for the judgments used in their preparation.

We certify that the information contained in this report is, except where noted, consistent with the budget estimates contained in Gas Industry Co's FY2014 Levy Recommendation that has been made to the Minister of Energy and Resources under section 43ZZB of the Gas Act.



Rt Hon James B. Bolger, ONZ
CHAIR



Robin Hill
DEPUTY CHAIR

JUNE 2013

Forecast Statement of Financial Performance

	BUDGET FY2014 \$	FORECAST FY2013 \$	ACTUAL FY2012 \$
Revenue			
Wholesale levy	2,600,007	2,781,457	2,522,460
Retail levy	1,533,968	1,619,478	1,487,593
Levy Revenue Subtotal	4,133,975	4,400,935	4,010,053
Market fees	1,615,025	1,491,554	1,524,754
Annual fees	45,000	45,000	80,000
Refunded levies	-	(287,998)	-
Interest income	25,171	32,001	35,927
Other Revenue Subtotal	1,685,196	1,280,557	1,640,681
TOTAL REVENUE	5,819,171	5,681,492	5,650,734
Expenses			
Depreciation & Amortisation	428,236	415,283	418,705
Operating lease expenses	270,000	269,664	320,650
Fees paid to audit firm – financial statement audit	13,850	13,850	13,850
Fees paid to audit firm – other services	-	-	10,000
Accounting and taxation advice	-	-	-
Directors' fees	262,460	262,460	267,860
General expenses	374,800	354,179	504,094
Recruitment expenses	25,000	3,250	-
Technical, economic, and legal advice	899,000	1,108,426	1,061,785
Service provider fees*	1,615,025	1,349,575	1,228,384
Kiwisaver contributions	49,964	37,955	37,935
Foreign exchange loss	-	1,245	215
Employee benefit expense	2,199,142	2,083,497	2,134,247
TOTAL EXPENSES	6,137,477	5,899,384	5,997,725
Finance costs	3,675	3,334	2,975
TOTAL EXPENDITURE	6,141,152	5,902,718	6,000,700
PROFIT / (LOSS) BEFORE TAX	(321,981)	(221,226)	(349,966)
Income tax expense	7,048	8,960	10,060
PROFIT / (LOSS) FOR THE YEAR	(329,029)	(230,186)	(360,026)

* Note: The budget figure for service provider fees includes contingency amounts for work or events that may or may not occur. Accordingly, the actual out-turn for these costs in a given year may be different, even materially, from budget.

Forecast Statement of Movement in Equity

	INDUSTRY RESERVES \$	RETAINED EARNINGS \$	TOTAL \$	INDUSTRY RESERVES \$	RETAINED EARNINGS \$	TOTAL \$
	BUDGET FY2014			FORECAST FY2013		
Opening Balance	876,660	475,000	1,351,660	1,151,846	430,000	1,581,846
Net surplus/(deficit) for the year	-	(329,029)	(329,029)	-	(230,186)	(230,186)
Industry Advances Reserves transfers	(46,101)	46,101	0	(17,157)	17,157	0
Industry Asset Amortisation Reserves transfers	(327,928)	327,928	0	(258,029)	258,029	0
FORECAST CLOSING BALANCE	502,631	520,000	1,022,631	876,660	475,000	1,351,660

Forecast Statement of Financial Position

	BUDGET FY2014 \$	FORECAST FY2013 \$	ACTUAL FY2012 \$
Current assets			
Cash and cash equivalents	1,117,027	1,258,320	1,495,623
Trade and other receivables	75,081	55,843	451,592
Prepayments	49,185	47,975	49,920
Income tax receivable	7,048	8,960	-
TOTAL CURRENT ASSETS	1,248,341	1,371,098	1,997,135
Non-Current assets			
Property, plant & equipment	159,413	182,816	160,001
Intangible assets	277,880	500,033	896,677
TOTAL NON-CURRENT ASSETS	437,293	682,849	1,056,678
TOTAL ASSETS	1,685,634	2,053,947	3,053,813
Current liabilities			
Trade and other payables	426,700	460,896	1,196,909
Asset restoration provision	34,929	30,118	27,970
Employee entitlements	201,366	211,265	247,080
Redeemable shares	8	8	8
TOTAL CURRENT LIABILITIES	663,003	702,287	1,471,967
TOTAL LIABILITIES	663,003	702,287	1,471,967
NET ASSETS	1,022,631	1,351,660	1,581,846
Represented by			
Industry reserves	502,631	876,660	1,151,846
Retained earnings	520,000	475,000	430,000
TOTAL SHAREHOLDERS' FUNDS	1,022,631	1,351,660	1,581,846

Forecast Statement of Cash Flows

	BUDGET FY2014 \$	FORECAST FY2013 \$	ACTUAL FY2012 \$
Cash flows from operating activities			
Cash was provided from			
Levy revenue	4,133,974	4,715,115	4,000,392
Market fee revenue	1,445,025	925,983	1,543,061
Annual fees	45,000	40,000	80,000
Interest received	25,172	32,001	35,927
SUBTOTAL	5,649,171	5,713,099	5,659,380
Cash was applied to			
Payments to suppliers	(3,108,398)	(3,219,226)	(2,881,464)
Payments to employees	(2,249,606)	(2,157,271)	(2,105,337)
Payments to directors	(262,460)	(262,460)	(267,860)
Refund of levy to industry participants	-	(287,998)	-
Taxes paid	-	(6,450)	(10,060)
Net GST	-	(11,557)	24,155
SUBTOTAL	(5,620,464)	(5,944,962)	(5,240,566)
NET CASH FLOWS FROM OPERATING ACTIVITIES	28,707	(231,863)	418,814
Cash flows from investing activities			
Cash was applied to			
Purchase of property, plant and equipment	-	(5,440)	(125,358)
Purchase of intangible assets	(170,000)	-	(36,818)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(170,000)	(5,440)	(162,176)
NET CASH FLOWS	(141,293)	(237,303)	256,638
Opening cash balance	1,258,320	1,495,623	1,238,985
CLOSING CASH BALANCE	1,117,027	1,258,320	1,495,623

Statement of Contingent Liabilities and Commitments

Gas Industry Co has no known contingent liabilities or assets.

Gas Industry Co's lease commitment in relation to its premises commenced on 1 December 2008 and expires on 30 November 2020 at an annual rental of approximately \$268,776.

Other operating lease commitments are for office equipment.

Gas Industry Co has various ongoing commitments for the operation of the Company.

	BUDGET FY2014 \$	FORECAST FY2013 \$
Operating Lease Commitments		
Not later than one year	268,776	268,776
Later than one year but not later than two years	268,776	268,776
Later than two years but not later than five years	380,766	649,542
Later than five years but not later than ten years	–	–
TOTAL OPERATING LEASE COMMITMENTS	918,318	1,187,094
Equipment Lease Commitments		
Not later than one year	10,330	59,915
Later than one year but not later than two years	–	10,330
Later than two years but not later than five years	–	–
Later than five years but not later than ten years	–	–
TOTAL EQUIPMENT LEASE COMMITMENTS	10,330	70,245
Service Provider Commitments		
Not later than one year	793,333	1,210,706
Later than one year but not later than two years	226,667	793,333
Later than two years but not later than five years	–	226,667
Later than five years but not later than ten years	–	–
TOTAL SERVICE PROVIDER COMMITMENTS	1,020,000	2,230,706

Statement of Accounting Policies

The following accounting policies apply to these financial statements:

Reporting Entity: Gas Industry Co is a company incorporated under the Companies Act 1993 that was approved as the industry body of the gas industry by Order in Council on 22 December 2004. These prospective financial statements have been prepared in accordance with section 43ZR of the Gas Act 1992 and the Financial Reporting Act 1993.

Measurement Base: These financial statements have been prepared on an historical cost basis.

Particular Accounting Policies: These financial statements are prepared in accordance with New Zealand generally accepted accounting practice. The following particular accounting policies that materially affect the measurement of financial performance, financial position, and cash flows have been applied consistently:

Revenue: Revenue is derived from Gas Industry Co's levies and market fees imposed under Subpart 2 of Part 4A of the Gas Act 1992, from annual fees charged to shareholders and from interest on deposits. Such revenue is recognised when earned and is reported in the financial period to which it relates.

Taxation: With the exception of its interest income, Gas Industry Co's revenue is not regarded as gross income in terms of section CB 1 of the Income Tax Act 2007.

Goods and Services Tax (GST): The Statement of Financial Performance and Statement of Cash Flows have been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST.

Accounts Receivable: These are carried at estimated realisable value after providing for debts where collection is doubtful.

Employee Entitlements: Employee entitlements to salaries and wages, annual leave, and other benefits are recognised when they accrue to employees.

Financial Instruments: Financial instruments carried on the Statement of Financial Position include cash and bank balances, investments, receivables, trade creditors, and borrowings. Except for those items covered by a separate accounting policy, all financial instruments are shown at their estimated fair value.

Depreciation: Depreciation of fixed assets is provided on a straight line basis, so as to allocate the depreciable amount of assets over their useful lives. The depreciable amount is the historical cost. The estimated useful lives are:

CATEGORY	ESTIMATED USEFUL LIFE
IT – Hardware & Software	3–5 years
Office Equipment	4–10 years
Leasehold Improvements	Term of lease
Industry Assets	Term of service provider contract

Statement of Cash Flows

- » Operating activities include all transactions and other events that are not investing or financing activities.
- » Investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment and of investments. Investments can include securities not falling within the definition of cash.
- » Financing activities are those activities that result in changes in the size and composition of the capital structure of Gas Industry Co. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to the capital structure are included in financing activities.
- » Cash is considered to be cash on hand and current accounts in banks, net of bank overdrafts.

Statement of Significant Underlying Assumptions

The following assumptions have been made in the development of the forecast financial statements. These assumptions were adopted on 27 March 2013:

- » These forecast financial statements comply with New Zealand generally accepted accounting practice. The measurement base applied is historical cost.
- » Accrual accounting has been used to prepare these financial statements.
- » These statements have been prepared on a going-concern basis.
- » The forecast financial statements have been presented for the purpose of providing financial information that underlies the work programme as set out in the 2014-2016 Statement of Intent. This financial information may not be appropriate for other purposes.
- » It is not intended that these financial forecasts will be re-issued.
- » Actual financial results achieved for the period covered are likely to vary from the information presented and the variations may be material.
- » There is limited ability to alter Gas Industry Co's revenue other than through the annual levy review process.
- » Section 43S of the Gas Act enables Gas Industry Co to collect from industry participants fees relating to the implementation of gas market rules and regulations.
- » An annual levy of \$4,133,975 is assumed to be effective from 1 July 2013 and is paid monthly. Any monthly levy not payable due to the date on which the levy regulations come into force will be paid on the 20th of the month following the levy regulations coming into force.
- » The wholesale levy revenue is budgeted to be \$2,600,007 for FY2014 and will be collected on a monthly basis from the relevant levy payers based on each industry participant's proportionate share of purchased gas volumes.
- » The retail levy revenue is budgeted to be \$1,533,968 for FY2014, based on an estimate of 260,000 ICPs at a levy rate of \$5.90/ICP per annum. Information from the Switching Registry has independently confirmed that there are approximately 317,000 ICPs. Of these, approximately 261,000 have the status of Active Contracted, indicating a customer at the ICP has a contract with the retailer. The retail levy is payable on these ICPs. Gas Industry Co therefore assumes an ICP count of 260,000 for the purposes of the levy calculation. If the actual number of ICPs differs from the estimate, there may be a material difference in the retail levy revenue.

- » The FY2014 levy calculation is based on a work programme consistent with the Government Policy Statement on Gas Governance (GPS) released in April 2008. If, during the plan period, the current GPS is amended, there may be an impact on our operating costs, resulting in the possible over- or under-recovery of levy revenue in FY2014. Any variances that do occur will be either refunded to levy payers at the end of the financial year or managed through adjustments to future levy rates, as specified under section 43ZZC(3) of the Gas Act.
- » Gas Industry Co's Constitution allows for the Board to set an annual fee for shareholders for the financial year. The FY2014 Budget assumes the annual fee paid by each shareholder will remain at \$5,000 per annum payable by nine Gas Industry Co shareholders.
- » The forecast equity for the year ending 30 June 2014 is approximately \$1,022,631. Of this, \$224,741 is classified as Industry Advances Reserve, which will be refunded to levy payers if not otherwise required for activities in the following year. An amount of \$277,890 represents the Industry Asset Amortisation Reserve. The remainder, \$520,000, is set aside to be held as cash reserves.
- » Gas Industry Co's budget is based on a best estimate of the costs to deliver the work programme prepared for calculation of the FY2014 levy. Budgets are set significantly in advance of consultation on proposed new policy initiatives. Accordingly, actual expenditure may vary from budgeted expenditure as policy design is revised to reflect changes that may be required as a result of submissions received and further analysis. This also applies to the administration of gas governance rules and regulations (funded through market fees).

6. DIRECTORY

GAS INDUSTRY COMPANY LIMITED

Level 8, The Todd Building

95 Customhouse Quay

PO Box 10 646

Wellington

Telephone: +64 4 472 1800

Facsimile: +64 4 472 1801

Email: info@gasindustry.co.nz

Website: www.gasindustry.co.nz

BOARD OF DIRECTORS

Rt Hon James (Jim) Bolger, ONZ,

CHAIR, INDEPENDENT DIRECTOR

Robin Hill

B Comm FCA

DEPUTY CHAIR, INDEPENDENT DIRECTOR

Keith Davis

PGDipBus

INDEPENDENT DIRECTOR

Andrew Brown

LLB

INDEPENDENT DIRECTOR

Dennis Barnes

BSc (HONS) MBA PGDipMktg

Albert Brantley

BSc P.Geol F.AuSIMM

Andrew Knight

BMS (Hons) CA

EXECUTIVE

Steve Bielby

LLB (Hons) LLM (LONDON)

CHIEF EXECUTIVE

Ian Dempster

BE (Hons) M Comm (Hons)

GENERAL MANAGER OPERATIONS

Greig Hinds

BA LLB (AUCK) PGCert Commerce (LINCOLN)

PRINCIPAL LEGAL COUNSEL

AUDITORS

KPMG, Wellington

BANKERS

Westpac Banking Corporation Limited

SHAREHOLDERS

Contact Energy Limited

Genesis Power Limited

Greymouth Gas Limited

Methanex New Zealand Limited

Mighty River Power Limited

New Zealand Oil and Gas Limited

Nova Energy Limited

OMV New Zealand Limited

Powerco Limited

Shell (Petroleum Mining) Limited

Vector Limited

