

Statement of Intent

Financial Years 2024–2026



Gas Industry Co.





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The Gas Industry Company Limited (Gas Industry Co) was established in 2004 as the industry body under Part 4A of the Gas Act 1992 (Gas Act).

This Statement of Intent has been prepared by Gas Industry Co to meet the requirements of section 43ZQ of the Gas Act. It sets out the intended scope and objectives of Gas Industry Co's operations for the financial year ended 30 June 2024, and the following two financial years (30 June 2025 and 30 June 2026), and it provides information about the Company and its operating environment.

The work programme described in this Statement of Intent is designed to meet the governance objectives set out in section 43ZN of the Gas Act, with regard also to the objectives and outcomes of the April 2008 Government Policy Statement on Gas Governance, as well as the wider strategic objectives of the Company.

The Company's role is to:

- Develop arrangements, including regulations where appropriate, which improve:
 - » the operation of gas markets;
 - » access to infrastructure; and
 - » consumer outcomes.
- Develop these arrangements with the principal objective of ensuring that gas is delivered to existing and new customers in a safe, efficient, reliable, fair and environmentally sustainable manner; and
- Oversee compliance with and review such arrangements.

Gas Industry Co is required to report on the achievement of those objectives and on the performance and the current state of the New Zealand gas industry.



Rt Hon James B. Bolger, ONZ
Chair
June 2023



Robin Hill
Deputy Chair
June 2023

Foreword

This 2024–2026 Statement of Intent describes a work programme and strategy that Gas Industry Co will follow for the coming years, where the gas industry will continue to play its role in the transition to a net zero emissions economy.

Our work programme continues to grow, as the gas sector enters a transition to the decarbonised energy future. The Gas Transition Plan has been a major focus for Gas Industry Co this year, working in conjunction with MBIE. The gas sector has to reduce its emissions of climate changing gases in line with the government's emissions reduction budgets, and at the same time ensure that investment takes place to support energy security. The other objectives for the transition are energy equity, sustainability, and efficiency and conservation.

While the Gas Transition Plan, and the work arising from it, are important components of Gas Industry Co's work programme, we continue to carry out our responsibilities in gas governance and facilitating gas markets. This Statement of Intent sets out a busy agenda.

Our assessment of the highest priority work needed is reflected in this Statement of Intent. It has been widely consulted on across our sector and responses have been supportive of substance and direction.

Change is coming in all aspects of our work, but our commitment to delivering quality outcomes for gas consumers is enduring.

We thank industry, government, fellow regulators and all our stakeholders for your ongoing constructive involvement and support for our work.



Rt Hon James B. Bolger, ONZ
Chair
June 2023



Andrew Knight
Chief Executive
June 2023

Summary of work programme priorities

This section summarises some of the priority items in Gas Industry Co's work programme for FY2024. The work programme is summarised in Table 1.

The work programme is grouped into the three classes of activities:

- Gas governance;
- Facilitating industry systems and processes; and
- Trusted advisor to government and industry.

The work programme structure fulfils our statutory role through efficient governance arrangements, progressing industry systems and processes, and facilitating forward-looking discussion on future strategic issues through our trusted advisor role.

Our work programme structure requires flexibility year-to-year as work programmes move between categories and multi-year pieces of work take shape.

This coming FY2024 our work programme focuses on our gas governance role through a number of recently commenced or proposed changes to gas governance arrangements. We also continue our gas transition work.

Gas governance priority items

Critical Contingency Management

Make a recommendation to the Minister to amend the CCM Regulations relating to a number of identified improvements to the efficiency and effectiveness of the regulations.

Guidelines to Enhance Consumer Outcomes

Complete 12-month review of dual fuel retailers' steps to comply with new gas industry Guidelines to Enhance Consumer Outcomes.

Advanced Gas Metering

Consider changes to the Gas (Switching Arrangements) Rules 2008, Gas (Downstream Reconciliation) Rules 2008 and industry arrangements in response to the roll-out of advanced gas meters.

Downstream Reconciliation

Complete regulatory process to codify D+1 (assuming a regulatory solution is the outcome of the FY2023 Options Paper), undertake a procurement process and execution of new service provider agreement for allocation agent and ensure alignment allocation system and processes with market changes (D+1, advanced gas metering, renewable gases).

Trusted advisor priority items

Gas Transition Plan

Recommendations from the Gas Transition Plan may be implemented in FY2024 and may include more use of renewable gas and measures to bring renewable gases into the natural gas market, new regulatory arrangements to support and strengthen gas security of supply, including security for industrial use and electricity.

Energy Transition

Work on issues relating to the gas transition will continue to be required in FY2024, further issues in the energy transition will overlap and complement the substance of the Gas Transition Plan. Examples of energy transition issues include investment in ongoing field development, and measures to support investment confidence identified in our 2021 gas market settings investigation, measures to ensure gas is available to support electricity when it is needed, consideration of whether new mechanisms are needed to ensure natural gas is available to industrial users in times of tight supply, and engagement with peer agencies to ensure alignment between security of supply and emissions reductions plans in the gas sector.

Table 1. Gas Industry Co's roles and activities

Role	Comprising
1. Gas governance	<ul style="list-style-type: none"> • Critical Contingency Management • Guidelines to Enhance Consumer Outcomes • Advanced Gas Metering • Retail Gas Contracts Oversight Scheme • Gas Distribution Contracts Oversight Scheme • Downstream Reconciliation and D+1 • Switching and Registry • Compliance and Enforcement • Statement of Intent and Annual Report • Other Reporting
2. Facilitating industry systems and processes	<ul style="list-style-type: none"> • Information Disclosure • Gas Transmission Pipeline Access
3. Trusted advisor to government and industry	<ul style="list-style-type: none"> • Gas Transition Plan • Energy Transition

Consultation process

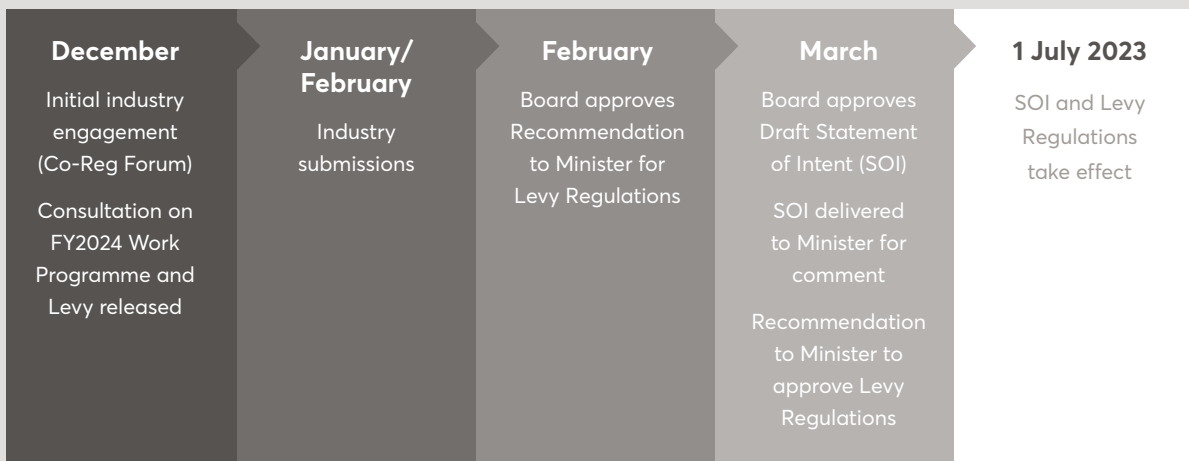
Consultation with industry stakeholders on Gas Industry Co's intended work programme and budget requirements commenced with the Co-regulatory Forum, held in December 2022.

The work programme and budget addressing the Company's strategic priorities were detailed in a Consultation Paper, which was issued in December 2022. Submissions on the Consultation Paper were considered in finalising the recommendation to the Minister for levy funding through regulations (Levy Recommendation) for the financial year ending 30 June 2024.

The consultation process led to the development of this Statement of Intent which, along with the Levy Recommendation, provides the basis for Gas Industry Co to deliver robust outcomes for gas consumers and the wider industry as part of our mandate as the industry body. The Levy Recommendation and draft Statement of Intent are presented to the Minister in March each year.

Figure 1 sets out the consultation and approval processes leading to the annual promulgation of Levy Regulations.

Figure 1. Consultation process



Operating environment

Gas Industry Co's work programme is directly influenced by the industry structure, and the legislative and policy framework. Together these form the Company's operating environment.

Industry context

Modelling of supply and demand over the coming decade indicates tight supply until mid-decade, followed by balance with some seasonal challenges. Gas production begins to decline in the 2030s as demand begins to switch fuels and exit New Zealand's energy market. Investment in field development over the next five years will set the context for post-2030. Gas Industry Co intends to commission regular supply and demand studies to help decision-makers to understand the outlook better.

Market participants are generally supportive of the current market arrangements. However, one weakness of the market today is that participants may be inadequately incentivised to provide security of supply beyond their own customers. Energy shortages can result, with associated risks from sharp price rises and scarcity. Providing a mechanism to incentivise gas availability for intermittent demand is a crucial strategic issue for the energy sector.

Our planned work alongside MBIE on the Gas Transition Plan will be a multi-year project. It will form an input to the national Energy Strategy and help to provide more stability in industry regulation to help the industry prepare and make optimal choices in the supply and use of gas. The co-regulatory model delivers a regulatory context that encourages the industry to master its own destiny.

Legislative and policy framework

The gas industry downstream of the exploration and production sector is operated under a co-regulatory model. Gas Industry Co is the industry body. It creates the link between government and industry, delivers improved governance arrangements for participants and consumers, and provides high quality advice.

Gas Industry Co's regulatory oversight spans wholesale and retail natural gas markets, processing facilities, transmission, and distribution, and early-stage planning for the emergence of hydrogen and biofuels.

Gas Industry Co's role in relation to the gas transmission and distribution sector focuses on open access to pipelines. The Commerce Commission has a complementary role in relation to economic regulation of those assets. The Gas Act provides for the two agencies to work together on any areas of overlap.

The settings are 'co-regulatory' because the Gas Act framework has Gas Industry Co making recommendations to the Minister of Energy and Resources, having regard to the objectives for the industry body in the Gas Act, and the objectives and outcomes in the Government Policy Statement.

The industry body's principal objective in recommending regulations is to ensure that gas is delivered to existing and new customers in a safe, efficient, and reliable manner.

The Government Policy Statement has a broader policy objective: it sets, for the entire gas industry, the objective of ensuring that gas is delivered to existing and new customers in a safe, efficient, fair, reliable and environmentally sustainable manner.

Other objectives specified by the Gas Act for the industry body in recommending regulations include:

- Facilitating and promoting the supply of gas to meet New Zealand's energy needs, by providing access to essential infrastructure and competitive market arrangements;
- Ensuring barriers to competition are minimised, and incentives are maintained or enhanced for investment in gas processing facilities, transmission, and distribution;
- Delivered gas costs and prices are subject to sustained downward pressure;
- Risks relating to security of supply, including transport arrangements, are properly and efficiently managed by all parties; and
- Consistency is maintained with the government's gas safety regime.

Additional objectives for Gas Industry Co and the gas industry are set out in the Government Policy Statement, and include:

- Efficient use of energy and other resources that deliver gas to consumers;
- Facilitating competition in upstream and downstream gas markets by minimising barriers to access to essential infrastructure to the long-term benefit of end-users;
- The full costs of producing and transporting gas are signalled to consumers;
- Where gas services include a trade-off between quality and price, as far as possible, they reflect customers' preferences; and
- The gas sector contributes to the government's climate change objectives (as set out in the New Zealand Energy Strategy, or any other document the Minister may specify from time to time) by minimising gas losses and promoting demand-side management and energy efficiency.

The Minister has statutory powers to make rules or to recommend regulations on a wide range of gas governance matters. The industry body, as co-regulator, advises the Minister about the exercise of many of these powers and must follow prescribed procedures before making a recommendation to her. Mandatory requirements include consultation with affected stakeholders and assessment of the costs and benefits associated with any recommendation. It must consider all reasonably practicable options, including non-regulated options that achieve the same outcome.

Gas Industry Co monitors existing arrangements for effectiveness and relevance.



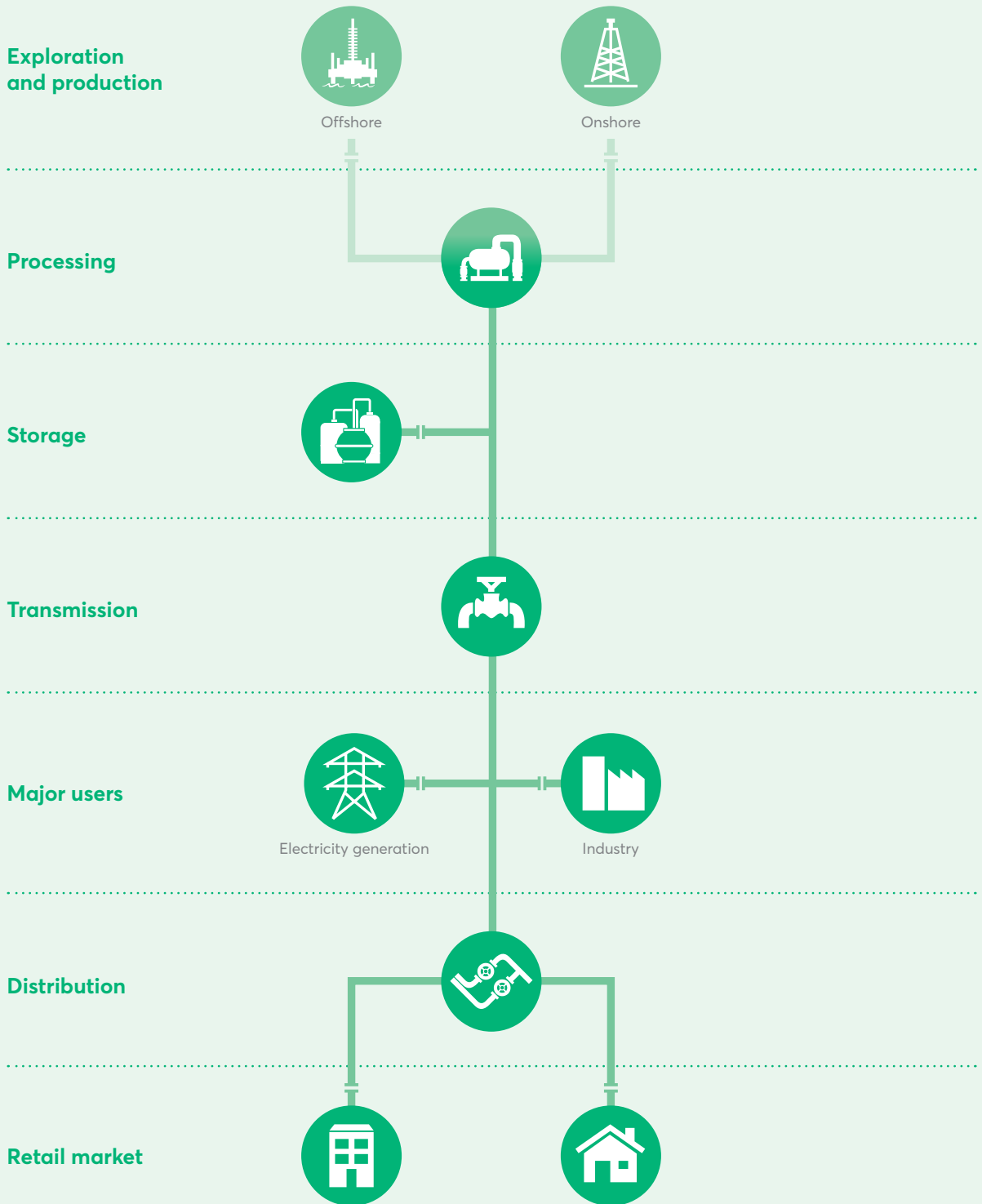
Gas Industry Co governance

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 chair, are independent (having no material or financial interest in an industry participant), and three are non-independent directors (usually senior executives of industry participants).

The Board meets about eight times a year and whenever matters requiring immediate attention require. The board has one standing committee, the Independent Directors' Committee, comprising the four independent directors. The committee addresses matters where the industry-associated directors have potential or actual conflicts of interest.

Figure 2. Gas industry structure



Gas Industry Co's Strategy

Gas Industry Co's strategy is to deliver its statutory role, and frame its proposed FY2024 work programme.



Industry performance

Gas Industry Co's strategic and work programme objectives seek to align with government policy objectives and outcomes, and to support industry performance, particularly in relation to consumer switching, downstream reconciliation, critical contingency management and transmission system balancing.

Gas Industry Co tracks the performance of the Switching Rules, Reconciliation Rules and Critical Contingency Management Regulations and reports on their ongoing effectiveness, the competitive outcomes they foster, and industry participants' adherence to them.

The retail market is vibrant and competitive

Annual switching rates (an indicator of contestability in the market) have ranged from 14 percent to 18 percent in the last five years. **See Figure 3 on page 15.**

Switches are completed quickly

On average switches take place in just over two business days. As a comparison, gas switches in the UK take about 17 days for domestic consumers¹. **See Figure 4 on page 15.**

Gas customers generally have choice

The eight largest retailers are active at gas gates (where gas leaves the high-pressure transmission system and enters the local gas distribution networks) that together represent 97 percent of consumers.

Around 99.8 percent of consumers are connected at a gas gate where at least seven retailers trade.

In the past ten years, four retailer brands have entered the gas market: MegaTEL (owned by Nova Energy); Trustpower; Pulse Energy; and Hanergy. Switch Utilities, a subsidiary of Vocus, entered the gas retail market in mid-2015 but left in late-2020. Energyclubnz entered the market in early 2019 before being sold to Contact Energy in mid-2020.

Market concentration has decreased

The gas market as a whole and in the regions where gas is available are less concentrated (**see Figure 5 on page 16**). New retailers have gained market share, diluting the dominance of previously incumbent retailers.

This change has been particularly striking in areas such as Waikato, Northland, Gisborne, and Hawke's Bay.

Unaccounted for gas is down over the past decade

Unaccounted-for gas (UFG) is the difference between the amounts of gas that retailers estimate their customers have used and the actual gas volume leaving the transmission system at a gas gate and entering the local distribution network. UFG is normally a function of metering accuracy issues.

UFG imposes a cost on the market as it is gas that retailers must pay for but cannot sell. It's therefore a measure of market efficiency.

Reconciliation Rules were introduced in 2009 to provide a process for attributing volumes of gas used by consumers at shared gas gates to the retailers responsible for them.

The Reconciliation Rules have been instrumental in reducing the level of UFG.

1. The UK regulator Office of Gas and Electricity Markets (Ofgem) publishes a number of retail market indicators, including switching times, on its website at <https://www.ofgem.gov.uk/data-portal/retail-market-indicators>



Benefits include improved market efficiency, more accurate retailer reporting, more equitable allocation of UFG among retailers, greater information transparency, and auditing that can more readily identify anomalies in consumption data.

Annual UFG has fallen from about 2 percent of gas consumed when the Rules were adopted, to about 1.6 percent today (see **Figure 6 on page 16**). However we are currently investigating the reason behind UFG increasing since early 2020.

Cost savings to the industry associated with the rules-based system are estimated to be worth several million dollars a year.

Benefits include improved market efficiency, more accurate retailer reporting, more equitable allocation of UFG among retailers, greater information transparency, and auditing that can more readily identify anomalies in consumption data.

Critical Contingency Management

The CCM Regulations outline the industry's response during supply emergencies. The response can include demand curtailment.

The CCM Regulations have been activated five times since they came into full effect in 2010. The most recent event was in May 2017, caused by a system imbalance related to excess demand during a planned production station outage.

Gas Industry Co monitors the effectiveness of the CCM Regulations through reviews of critical contingency events and annual exercises.

Compliance with Governance Rules and Regulations

The Compliance Regulations provide for the monitoring and enforcement of the other gas governance rules and regulations. They are designed as an efficient, low-cost means of determining and, where appropriate, settling rule breaches that raise material issues.

Allegations of breaches are first considered by Gas Industry Co as the market administrator. If it deems a material issue exists, the matter is referred to an independent investigator for further examination and, where appropriate, settlement.

Settlements must be referred to the Rulings Panel for approval or rejection.

The Rulings Panel is a one-person quasi-judicial body appointed by the Minister. It also considers matters where parties are unable to settle.

The Rulings Panel can issue fines, make orders for compensation or directing compliance, and suspend or terminate the rights of an industry participant.

Gas Industry Co liaises with market participants and promotes awareness of regulatory requirements.

Figure 3. Monthly switching rates

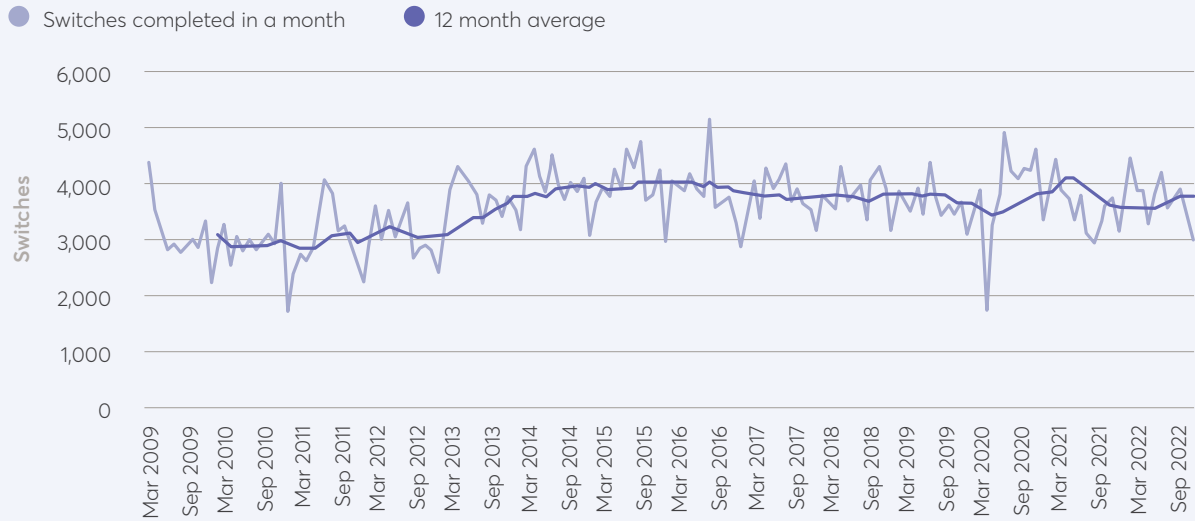


Figure 4. Average time to switch a customer

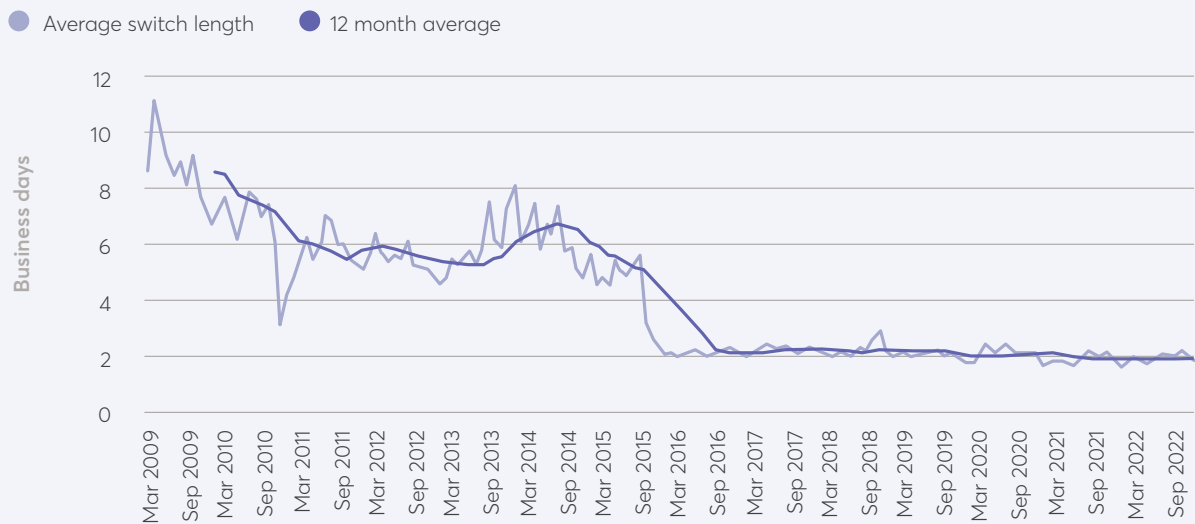


Figure 5. Retail market concentration

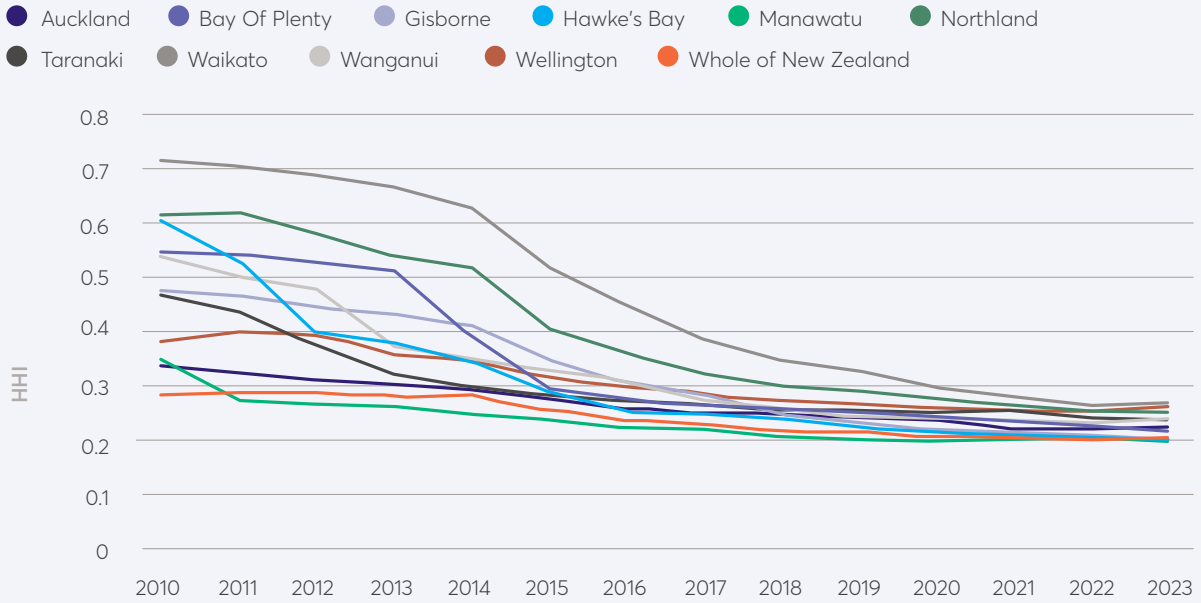
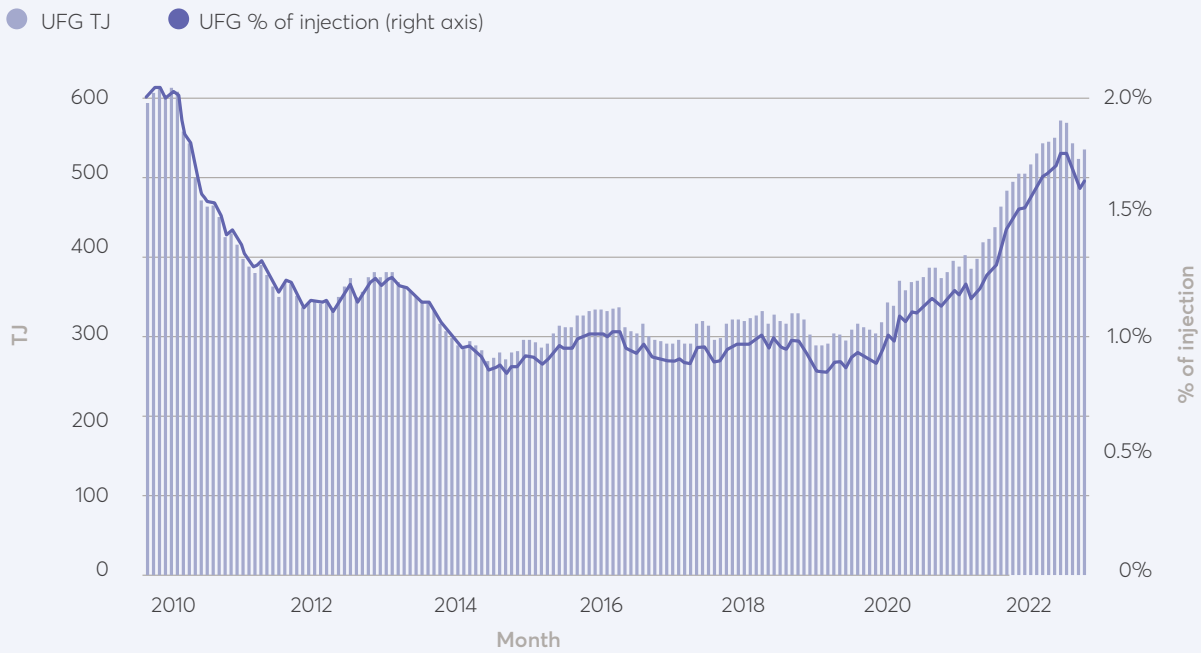


Figure 6. Annual unaccounted for gas



Work programme and indicative activities

This section outlines the scope of Gas Industry Co's operations for the financial years ended 30 June 2024 to 30 June 2026.

The FY2024 work programme has been developed having regard to:

- The Gas Act and Government Policy Statement objectives and outcomes for the gas industry;
- Gas Industry Co's statutory accountabilities under existing governance arrangements; and
- Reporting requirements under the Gas Act and Companies Act.

The Statement of Intent focuses on the first year of the three-year period and indicative activity in the subsequent years.

Below, the FY2024 forecast activities for each work programme are outlined. These forecast activities are specific and confirmed, following our FY2024 Work Programme and Levy consultation process with industry stakeholders. Indicative themes are provided for our work programme for the following two financial years, FY2025 and FY2026 to provide guidance about likely future direction.

The work programme was broadly supported in submissions. The submissions themselves, and the analysis of submissions, can be found on Gas Industry Co's website.

The work programme is grouped into the three classes of activities:

- Gas governance;
- Facilitating industry systems and processes; and
- Trusted advisor to government and industry.

Gas governance

Work programme activities that relate to gas governance are given priority in the work programme given that they are, or stem from, statutory obligations. Funding for gas governance activities is derived from a combination of market fees and levy.

Facilitating industry systems and processes

Gas Industry Co has undertaken activities requested by industry to deliver independent or centralised services. Examples of the facilitation role includes a wide set of activities including management of the D+1 model, the gas registry, or reconciliation processes, through to hosting the website for upstream outage disclosures.

Meaningful progress on these projects requires that these projects are budgeted and included in the work programme. These activities are funded by the levy.

Trusted advisor to government and industry

The trusted advisor role reflects the activities we undertake to inform about the gas industry. This role has become more pronounced as the wider energy sector and government entities have sought to develop their understanding of the changing energy future. Examples include the Gas Market Settings Investigation report, supply and demand studies, engagement with government agencies such as MBIE or the Climate Commission, and discussions with industry regarding government processes.

Gas Industry Co's role as a trusted advisor has grown as the wider energy sector and government entities have sought to develop their understanding of the changing energy future.

It is essential that sufficient budget is included to allow these activities to be undertaken. They are funded by the levy.

FY2024 WORK PROGRAMME: GAS GOVERNANCE

Critical Contingency Management

The purpose of the Gas Governance (Critical Contingency Management) Regulations 2008 (CCM Regulations) is to achieve the effective management of critical gas outages and other security of supply contingencies without compromising long-term security of supply. The CCM regulations provide for the appointment of a critical contingency operation (CCO) and that role is responsible for determining, managing, and terminating critical contingencies, as well as associated activities such as stakeholder training and running exercises.

We are currently progressing a number of amendments to the CCM Regulations to improve the efficiency and effectiveness of those regulations. These changes have been driven by experience with the regulations and feedback on events and exercises.

Forecast activities in FY2024

- Make a recommendation to the Minister to amend the CCM Regulations;
- Support MBIE through the legislative change process; and
- Implement proposed changes to the CCM Regulations including consequential changes to existing industry processes.

Guidelines to Enhance Consumer Outcomes

Gas Industry Co monitors governance arrangements in related industries to assess whether any changes may influence existing gas industry arrangements, and if any changes to gas governance arrangements are required in response.

The government's electricity price review (EPR) made 32 recommendations about whether the electricity market delivers efficient, fair, and equitable prices to customers. Gas Industry Co considered it prudent to review whether those recommendations should apply to

the gas market, given the similarities and links between the gas and electricity markets. Gas Industry Co consulted on its assessment of the application of the EPR recommendations to the gas market.

Following this consultation process, Gas Industry Co developed new guidelines for:

1. Dealing with vulnerable gas consumers;
2. Raising consumer awareness of the Utilities Disputes and Powerswitch services; and
3. Managing saves and winbacks behaviour in the gas market.

Forecast activities in FY2024

- Follow up on steps taken by dual fuel retailers to comply with the guidelines in accordance with the 12-month review process in the following guidelines:
 - » Consumer Care Guidelines;
 - » Guidelines for Raising Awareness of Utilities Disputes and Powerswitch; and
 - » Saves and Winbacks Guidelines.
- Commence work on any actions arising from the review of participants' processes.

Advanced Gas Metering

Gas Industry Co is determining what changes are required to support the roll-out of Advanced Gas Metering Infrastructure (AGMI). This includes assessing if there is merit in changing the Gas (Switching Arrangements) Rules 2008 (Switching Rules) and the Gas (Downstream Reconciliation) Rules 2008 (Reconciliation Rules) and working closely with industry to ensure associated gas industry systems and rules are fit for purpose.

Forecast activities in FY2024

- Finish working through the list of issues from the 2021 Issues Paper with the AGMI working group;
- Consult on a Statement of Proposal for rule changes and determine the preferred approach for non-regulatory aspects;

- Make a recommendation to the Minister and begin implementation of system changes; and
- Go-live of new arrangements and monitoring of new processes (e.g. UFG allocation and D+1) to ensure they are working effectively.

Retail Gas Contracts Oversight Scheme

In 2010, Gas Industry Co established a Retail Gas Contracts Oversight Scheme. This was designed to assess retailers' contracts with residential and small commercial consumers against a series of benchmarks. Reviews are undertaken by an independent assessor.

The next full review is underway. An independent assessor has been engaged to carry out the assessment of retailers' contracts with residential and small commercial/industrial consumers and will advise retailers of the results prior to the end of FY2023.

Forecast activities in FY2024

- Review the scheme's benchmarks and reasonable consumer expectations in light of changes to industry processes (e.g. Consumer Care Guidelines) and legislative changes;
- Review new-entrant retail contracts, as requested; and
- Provide information to new entrant retailers to help them understand their obligations and the governance processes.

Gas Distribution Contracts Oversight Scheme

In 2012, Gas Industry Co established the Gas Distribution Contracts Oversight Scheme. This is an industry agreed scheme which assesses standard contracts between gas distributors' and gas retailers against a set of principles.

Gas Industry Co appointed an independent assessor in FY2014 who found that contracts offered by distributors exhibited 'substantial' alignment with the set of principles agreed upon.

Following the 2014 assessment, Gas Industry Co's assessments would be undertaken on an exceptions basis (as contracts are revised or replaced). In our most recent

survey of distributors in 2020, no material changes had been made to distribution agreements since 2014. However, we understand that one distributor is currently working on a new agreement.

Forecast activities in FY2024

- Review the Gas Distribution Contracts Oversight Scheme following discussions with retailers and distributors, and report on any necessary changes.

Downstream Reconciliation

The purpose of the Reconciliation Rules is to establish a set of uniform processes that enable the fair, efficient, and reliable allocation and reconciliation of downstream gas quantities.

In addition to business-as-usual activities such as managing the allocation agent, commissioning audits and investigating unaccounted for gas, Gas Industry Co will carry out an appointment process in preparation for the expiry of the current allocation agent contract.

Forecast activities for FY2024

- Complete regulatory process to codify D+1 (assuming a regulatory solution is the outcome of the FY2023 Options Paper), comprising a Statement of Proposal followed by a recommendation to the Minister to amend the Reconciliation Rules;
- Procurement process and execution of new service provider agreement for allocation agent (current contract expires end of 2023); and
- Ensure alignment of allocation system and processes with market changes (D+1, advanced metering, renewable gases).

Switching and Registry

The purpose of the Switching Rules is to establish a set of gas switching and registry arrangements that will 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 technical parameters about every customer installation and facilitate and monitors each customer switch from initiation through to completion.

Work programme and indicative activities

The Switching Rules provide for the appointment of a gas registry operator. The appointment of the current gas registry operator does not expire until 2025.

Forecast activities in FY2024

- Manage registry operator contract;
- Assess the ongoing performance of the Switching Rules;
- Monitor and report on switching statistics;
- Make determinations under the Switching Rules as required;
- Commission performance and event audits as required; and
- Follow up on any issues identified in the switching audits.

Compliance and Enforcement

The Gas Governance (Compliance) Regulations 2008 (Compliance Regulations) provide for monitoring and enforcement of the other gas governance rules and regulations. The compliance arrangements are designed as an efficient, low-cost means of determining or, where appropriate, settling rules/regulations breaches that raise material issues.

Forecast activities in FY2024

- Perform market administrator role;
- Assess ongoing performance of the Compliance Regulations;
- Assist investigator and Rulings Panel as required; and
- Monitor compliance trends for indications of regulatory inefficiency.

Statement of Intent and Annual Report

The Gas Act requires that the industry body provide its Annual Report to the Minister of Energy and Resources within three months of the end of the financial year (the Minister then tables it in the House of Representatives). Similarly, annual Statements of Intent (SOI) are required to be submitted to the Minister for comment prior to being finalised and published.

Forecast activities in FY2024

- Prepare and publish the SOI to meet statutory timeframes;
- Provide the draft SOI to the Minister for comment prior to publication; and
- Prepare and publish the Annual Report and meet requirements for tabling in Parliament.

Other Reporting

Gas Industry Co is required by the Gas Act to report on the present state and performance of the gas industry. It does this through a number of publications, including Switching Statistics, Quarterly Reports, and Industry Performance Measures.

Forecast activities in FY2024

- Prepare and publish Switching Statistics and Industry Performance Measures; and
- Continue engagement and communications for interested stakeholders.

FY2024 WORK PROGRAMME: FACILITATING INDUSTRY SYSTEMS AND PROCESSES

Information Disclosure

In 2018 Gas Industry Co commenced a workstream to assess the level of information disclosure in the industry and consider options to address any issues found, including disclosure of gas production and storage facility outage information. A Statement of Proposal was consulted on, and the conclusion from this work was that the regulatory objective is unlikely to be satisfactorily achieved by any reasonably practicable means other than through regulation.

In FY2022 Gas Industry Co made a recommendation to the Minister, with the Gas (Facilities Outage Information Disclosure) Rules 2022 due to come into effect on 1 April 2023. These rules provide for:

- The disclosure of information regarding an unplanned outage or planned outage at a gas production facility or a gas storage facility; and
- The disclosure of information to the industry body to enable it to monitor compliance with these rules.

Forecast activities in FY2024

- Review performance of the Gas (Facilities Outage Information Disclosure) Rules 2022 including disclosing party compliance.

Gas Transmission

The suitability of transmission arrangements during the energy transition is a matter that will likely require further consideration, including by Gas Industry Co's energy transition workstream.

Forecast activities in FY2024

- Potentially working with the Commerce Commission regarding recommendations impacting pipeline regulation in the Gas Transition Plan;
- Monitor asset management plans for gas transmission and report on any significant matters; and
- Review transmission pipeline interconnections as required, address any concerns regarding reasonable access, and amend the Guidelines as required.

FY2024 WORK PROGRAMME: TRUSTED ADVISOR TO GOVERNMENT AND INDUSTRY

Gas Transition Plan

The government's emissions reduction plan includes work to develop a Gas Transition Plan to drive emission reductions from natural gas. The plan will be a key input into a broader Energy Strategy, showing how emissions from gas can be reduced in line with targets in emissions budgets, in legislation, and in New Zealand's international commitments.

Gas Industry Co is working with MBIE to develop the plan. MBIE is engaging with consumers, non-government organisations, other interested parties, and Treaty partners.

Gas Industry Co is engaging closely with industry as the plan develops.

Work to develop the plan commenced in May 2022, with targeted engagement taking place during 2022.

Public consultation on the Plan is expected around mid-2023 before finalisation. The Energy Strategy is expected at the end of 2024.

The purpose of the Gas Transition Plan is to establish transition pathways for decarbonising the gas sector in line with the first three emissions budgets. It will provide a framework to inform and engage with industry and other stakeholders about the challenges and opportunities. Further measures that may be required to achieve an 'equitable transition' will be identified.

The plan is also expected to establish a strategic view on the potential role for renewable gases, including potential measures for accelerating their uptake, and for carbon capture and utilisation technology.

Actions will be set out for the government to undertake, with the aim of providing more certainty about the government's future gas work programme.

Recommendations for the gas industry will also be part of the plan.

Forecast activities in FY2024

Recommendations from the Gas Transition Plan may be implemented in FY2024. Recommendations may include any of the following:

- Blending of renewable gas into gas networks and measures to bring renewable gases into the natural gas market, such as tradeable renewable gas certificates and other market measures;
- New regulatory arrangements relating to CCUS; and
- Measures to support and strengthen gas security of supply, including security for industrial use and electricity.

Recommendations arising from the Gas Transition Plan may require new gas governance arrangements or amendments to existing arrangements.

Energy Transition

Substantial changes to the role of gas are anticipated to 2050, when New Zealand by law is targeted to become a net zero emissions economy.

Gas Industry Co is already dedicating significant resources to transition issues such as its work with MBIE on the government's Gas Transition Plan.

Forecast activities in FY2024

While work on issues relating to the gas transition will continue to be required in FY2024, further issues in the energy transition will overlap and complement the substance of the Gas Transition Plan. Examples of energy transition issues include:

- Investment in ongoing field development, and solutions to investment confidence issues identified in the 2021 gas market settings investigation, where those are not fully addressed in the Gas Transition Plan;

- Measures to ensure gas is available, including for electricity (where responsibility for markets involves collaboration between regulatory agencies);
- Consideration of whether additional or changed mechanisms are needed to ensure natural gas is available to industrial users in times of unexpectedly tight supply;
- Our regular supply and demand studies;
- The role of new gases, such as hydrogen and biogas; and
- Engagement with agencies responsible for achieving emissions reductions to ensure measures align with security of supply and emissions reductions plans in the gas sector.



FORECAST ACTIVITIES FOR FY2025 AND FY2026

The Statement of Intent focuses on the first year of the three-year period and indicative activity in the subsequent two years. The multi-year scope reflects the requirement for funding to be approved by regulation each year, the changing nature of the industry and the co-regulatory role.

The multi-year focus also recognises that policy development requires comprehensive consultation, which provides the opportunity for continuous improvements in policy thinking.

The energy sector is in a period of great change and upheaval, which can make forward planning our work programme somewhat difficult. All forecast activities for FY2025 and FY2026 are subject to change due to the pending outcome of pieces of work such as the Gas Transition Plan paired with the changing political environment. We have outlined our indicative activities for these future years in as much detail as we currently can, but it is important to recognise the uncertain nature of these workstreams.

Gas governance and facilitating industry systems and processes

FY2025 and FY2026 indicative activities

Future activity for our gas governance and facilitating industry systems workstreams will focus on:

- Delivering on our obligations under each of the governance arrangements, for example appointing and managing service providers, monitoring market behaviour, reporting, investigations, compliance.

- Ensuring our governance arrangements and industry systems remain fit-for-purpose as the gas market develops (particularly with respect to the energy transition, renewable gases, potential market consolidation, further penetration of AGMI and greater availability and granularity of gas market data). This will be implemented using our standard policy development process: issue identification, developing options, industry consultation, statements of proposal and recommendations to the Minister.
- Ensuring industry systems stay up to speed with technological developments, security requirements and IT industry best practice.

Trusted advisor to government and industry

FY2025 and FY2026 indicative activities

Our trusted advisor to government and industry workstreams – which includes the Gas Transition Plan and Energy Transition workstreams – are the areas of work for Gas Industry Co that have the greatest breadth of future work. Dependent on the reception of the Gas Transition Plan, our FY2025 and FY2026 indicative activities could greatly vary. Likely activities could include any of the following – involvement in consultation and implementation of new regulatory arrangements relating to both CCUS and blending of renewable gas, security of supply arrangements, solutions to investment confidence issues, monitoring of the uptake and effectiveness of guidelines, responding to emerging issues and changing policy decisions, consulting with industry on solutions to potential new issues, taking compliance action where necessary and other business as usual activities.

Financial matters

Gas Industry Co develops funding budgets to support its work programme proposals as part of the consultation process discussed in the section [Work Programme Priorities](#) above.

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

Levy funding

Section 43ZZB of the Gas Act enables Gas Industry Co to recommend to the Minister that regulations be made to require industry participants 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 levy payers in the following year unless special circumstances warrant otherwise.

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, Reconciliation Rules, CCM Regulations, and Compliance Regulations contain market fee provisions. These fees are used to recover costs of external service providers and consultants, as provided for in the relevant regulations.

Annual fees

Gas Industry Co's constitution provides that the Board may set an annual fee each year in respect of each share issued. The annual fee is currently \$2,000 per shareholder per annum. The Board has resolved that these fees will be set aside to establish cash reserves.

Flexibility and cost efficiencies

It is always possible that unplanned, unbudgeted work might be needed because of the changing nature of the industry and the period between development and implementation of plans.

Gas Industry Co prefers not to budget contingency amounts to keep the levy at a reasonable level. If unplanned or unbudgeted work becomes a priority, Gas Industry Co will reassess its planned workstreams and milestones. We have been successful over recent years using this approach, progressing key industry priorities while maintaining appropriate cost discipline.

Gas Industry Co aims to deliver value in both its operational workstreams and in the provision of support services. There is a specific focus on delivering efficiency and value for money. As well, Gas Industry Co has considered carefully how each line item in the work programme should be budgeted. Some areas are demand-driven and it does not make sense to make full provision for each of these individually. Instead, Gas Industry Co makes a modest provision for these items and manages the global amount.

FY2024 levy funding summary

Details of funding for FY2024 are included in industry consultation and the annual recommendation to the Minister, which results in annual levy regulations.

In summary for FY2024:

- An annual levy of \$4,455,703 (\$4,579,373 in FY2023), and market fees of \$1,487,750 (\$1,713,450 in FY2023). Added together, these result in total work programme costs for FY2024 of \$5,943,453 (\$6,340,373 in FY2023).
- The wholesale levy revenue is \$2,435,446 for FY2024 and will be collected each month from the relevant levy payers at a rate of 1.4326c/GJ based on each industry participant's volume of gas purchased from gas producers (the wholesale levy is 2.4% higher than in FY2023).
- The retail levy revenue is \$2,020,958. This is calculated based on Gas Industry Co's estimate of 309,000 active ICP's, at a levy rate of \$6.54/ICP per annum (the retail levy is 1.4% lower than in FY2023).

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 FY2024 Gas Industry Co levy.

Further detail about the assumptions, revenue calculations and workstream expenses used to calculate the FY2024 levy can be found in the document Consultation on Gas Industry Co FY2024 Work Programme and Levy, issued in December 2022.

The FY2023 forecast was approved by Gas Industry Co's Board and includes actual results for the period 1 July 2022 to 28 February 2023, and an up-to-date forecast to 30 June 2023.

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 in this report is, except where noted, consistent with the budget estimates contained in Gas Industry Co's FY2024 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
June 2023

Robin G Hill
Deputy Chair
June 2023

Forecast Statement of Financial Performance

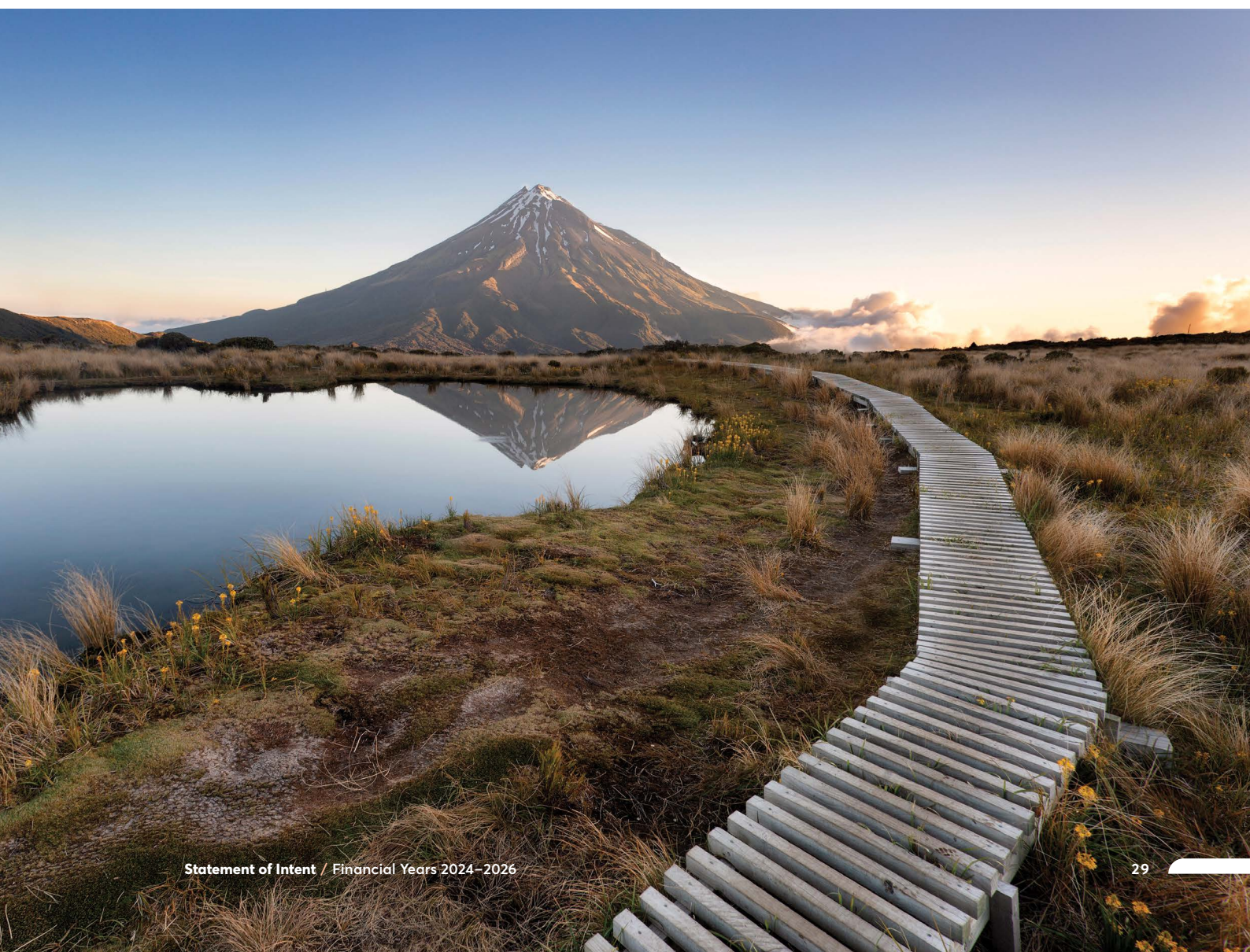
	Budget FY2024 (\$)	Forecast FY2023 (\$)	Actual FY2022 (\$)
REVENUE			
Wholesale levy	2,435,446	1,980,820	1,737,113
Retail levy	2,020,258	2,021,733	1,578,889
Levy revenue subtotal	4,455,704	4,002,553	3,316,002
Market fees	1,487,750	1,747,477	1,414,958
Annual fees	24,000	24,000	24,000
Interest income	600	6,242	2,267
Subtotal other revenue	1,512,350	1,777,719	1,441,225
Total revenue	5,968,054	5,780,272	4,757,227
Refunded levies	–	–	–
Net revenue	5,968,054	5,780,272	4,757,227
EXPENSES			
Depreciation and amortisation	73,915	79,264	61,769
Operating lease expenses	292,000	281,545	271,708
Fees paid to audit firm – financial statement audit	35,000	36,000	25,000
Directors' fees	262,460	251,412	262,460
General expenses	325,177	361,056	326,413
Recruitment expenses	25,000	49,719	19,495
Technical, economic, and legal advice	1,179,100	1,271,573	698,256
Service provider fees	1,487,750	1,314,444	1,302,126
KiwiSaver contributions	61,982	55,980	55,017
Employee benefit expense	2,201,070	1,878,780	1,860,521
Total expenses	5,943,454	5,579,773	4,882,765
Finance costs	–	–	–
Total expenditure	5,943,454	5,579,773	4,882,765
Profit/(loss) before tax	24,600	200,499	(125,538)
Income tax expense	168	1,748	635
Profit/(loss) for the year	24,432	198,751	(126,173)

Forecast Statement of Financial Position

	Budget FY2024 (\$)	Forecast FY2023 (\$)	Actual FY2022 (\$)
CURRENT ASSETS			
Cash and cash equivalents	1,028,109	979,762	707,605
Term deposit	–	–	–
Trade and other receivables	43,215	38,722	163,519
Prepayments	85,719	81,672	82,541
Income tax receivable	–	–	–
Total current assets	1,157,043	1,100,156	953,665
NON-CURRENT ASSETS			
Property, plant and equipment	61,917	29,977	46,374
Intangible assets	349,408	396,519	443,921
Total non-current assets	411,325	426,496	490,295
Total assets	1,568,368	1,526,652	1,443,960
CURRENT LIABILITIES			
Trade and other payables	336,082	322,724	430,351
Employee entitlements	265,636	261,710	270,142
Redeemable shares	12	12	12
Total current liabilities	601,730	584,446	700,505
Total liabilities	601,730	584,446	700,505
Net assets	966,638	942,206	743,455
<i>Represented by</i>			
Industry reserves	112,638	112,206	(62,545)
Retained earnings	854,000	830,000	806,000
Total shareholders' funds	966,638	942,206	743,455

Forecast Statement of Movement in Equity

	Budget FY2024			Forecast FY2023		
	Industry reserves (\$)	Retained earnings (\$)	Total (\$)	Industry reserves (\$)	Retained earnings (\$)	Total (\$)
Opening balance	112,206	830,000	942,206	(62,545)	806,000	743,455
Net surplus/(deficit) for the year	–	24,432	24,432	–	198,751	198,751
Industry advances reserves transfer	432	(432)	–	174,751	(174,751)	–
Forecast closing balance	112,638	854,000	966,638	112,206	830,000	942,206



Forecast Statement of Cash Flows

	Budget FY2024 (\$)	Forecast FY2023 (\$)	Actual FY2022 (\$)
CASH FLOWS FROM OPERATING ACTIVITIES			
Levy revenue	4,455,704	3,994,718	3,315,607
Market fee revenue	1,487,750	1,713,452	1,194,410
Annual fees	24,000	24,000	24,000
Interest received	600	1,720	2,267
Net GST	–	77,703	–
	5,968,054	5,811,593	4,536,284
<i>Cash was applied to</i>			
Payments to suppliers	(3,344,196)	(3,311,998)	(2,883,208)
Payments to employees	(2,263,051)	(1,968,962)	(1,898,878)
Payments to directors	(262,460)	(242,565)	(262,460)
Taxes paid	–	(426)	(635)
Net GST	–	–	(52,877)
	(5,869,707)	(5,523,951)	(5,098,058)
Net cash inflows from operating activities	98,347	287,642	(561,774)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(50,000)	(15,485)	–
Purchase of intangible assets	–	–	(471,112)
Net cash outflows from investing activities	(50,000)	(15,485)	(471,112)
Net cash flows	48,347	272,157	(1,032,886)
Opening cash balance	979,762	707,605	1,740,491
Closing cash balance	1,028,109	979,762	707,605

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 current premises commenced on 1 December 2017 and expires on 30 November 2023 at an annual rental of approximately \$291,845. The lease commitment in relation to its new premises commences on 1 June 2023 and expires on 31 May 2033 at an annual rental of approximately \$250,201.

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

	Budget FY2024 (\$)	Forecast FY2023 (\$)
BUILDING LEASE COMMITMENTS		
Within one year	547,704	371,803
Later than one year but not later than five years	1,251,007	1,251,007
Later than five years	729,754	979,955
Total operating lease commitments	2,528,464	2,602,765
EQUIPMENT LEASE COMMITMENTS		
Within one year	–	–
Later than one year but not later than five years	–	–
Later than five years	–	–
Total equipment lease commitments	–	–
OPERATING LEASE COMMITMENTS		
Within one year	547,704	371,803
Later than one year but not later than five years	1,251,007	1,251,007
Later than five years	729,754	979,955
Total operating lease commitments	2,528,464	2,602,765
SERVICE PROVIDER COMMITMENTS		
Within one year	491,000	909,096
Later than one year but not later than five years	818,333	1,473,621
Later than five years	–	–
Total service provider commitments	1,309,333	2,382,717

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 co-regulator 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:

- IT hardware and software, 3–5 years
- Office equipment, 4–10 years
- Leasehold improvements, Term of lease

Statement of Cash Flows

- Operating activities include all transactions and other events that are not investing or financing activities.
- Investing activities are those 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 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 program as set out in the 2024–2026 *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 process.
- Section 43S of the Gas Act enables Gas Industry Co to collect from industry participants fees relating to the ongoing costs associated with gas market rules and regulations.
- An annual levy of \$4,455,703 is assumed to be effective from 1 July 2023 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 \$2,453,446 for FY2024 and will be collected each month from the relevant levy payers at a rate of 1.4326c/GJ based on each industry participant's volume of gas purchased from gas producers.
- The retail levy revenue is budgeted to be \$2,020,258. This is calculated based on Gas Industry Co's estimate of 309,000 active ICP's, at a levy rate of \$6.54/ICP per annum. Active Contracted ICPs indicate a customer at the ICP has a contract with the retailer. The retail levy is payable only on active ICPs. If the actual number of ICPs substantially differs from the estimate, there may be a small difference in the retail levy revenue.
- The FY2024 levy calculation is based on a work programme consistent with the Government Policy Statement on Gas Governance 2008 (GPS). 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 FY2024. Section 43ZZC(3) of the Gas Act provides that any over or under-recoveries can be taken into account in setting the levy in subsequent financial years. However, to ensure transparency around the calculation of each year's levy, the Board has determined that, unless required for unanticipated or ongoing work programme costs, any surplus should be returned to levy payers by way of refund once the year-end accounts have been received by shareholders at the Annual Meeting.
- The forecast equity for the year ending 30 June 2023 is approximately \$942,206 and will be 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 FY2024 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).

Alignment with government policy objectives and outcomes

Gas Industry Co's strategic objectives – facilitate gas governance and markets that deliver gas in a safe, efficient, fair, reliable, and environmentally sustainable manner, act as a trusted adviser to government and industry and facilitate the industry through the energy transition – are aligned with the objectives and outcomes contained in the Gas Act and GPS. The Company's diverse workstreams help the Company move toward meeting those objectives and outcomes.

We have found it helpful to group the Gas Act and GPS Criteria (listed in full in Table 2 – Gas Act, GPS objectives and outcomes assessment criteria, (see pages 35 and 36)) under the five category headings shown in Table 3 – Categorisation of Assessment Criteria (see page 36). This approach avoids duplication.

GIC work programme FY2024 and future areas of work	Gas Act, GPS objectives and outcomes alignment				
	Efficiency	Reliability	Safety	Environment	Fairness
Gas Transition Plan	✓	✓	✓	✓	✓
Energy Transition	✓	✓	✓	✓	✓
Critical Contingency Management	✓	✓	✓	✓	✓
Guidelines to Enhance Consumer Outcomes	✓	●	●	●	✓
Advanced Gas Metering	✓	●	●	●	●
Retail Gas Contracts Oversight Scheme	✓	●	●	●	✓
Gas Distribution Contracts Oversight Scheme	✓	●	●	●	✓
Downstream Reconciliation/D+1	✓	●	●	●	✓
Switching and Registry	✓	●	●	●	✓
Compliance and Enforcement	✓	✓	✓	✓	✓
Statement of Intent and Annual Report	✓	✓	●	●	✓
Other Reporting	✓	✓	●	●	✓
Information Disclosure	✓	✓	●	●	✓
Gas Transmission	✓	✓	✓	●	✓

Table 2. Gas Act, GPS objectives and outcomes assessment criteria

Criterion	Objective/outcome	Text
1	Gas Act s43ZN(a)	The principal objective is to ensure that gas is delivered to existing and new customers in a safe, efficient, and reliable manner
2	Gas Act s43ZN(b)(i)	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
3	Gas Act s43ZN(b)(ii)	Barriers to competition in the gas industry are minimised
4	Gas Act s43ZN(b)(iii)	Incentives for investment in gas processing facilities, transmission, and distribution are maintained or enhanced
5	Gas Act s43ZN(b)(iv)	Delivered gas costs and prices are subject to sustained downward pressure
6	Gas Act 43ZN(b)(v)	Risks relating to security of supply, including transport arrangements, are properly and efficiently managed by all parties
7	Gas Act s43ZN(b)(vi)	Consistency with the government's gas safety regime is maintained
8	GPS Item 12(a)	Energy and other resources used to deliver gas to consumers are used efficiently
9	GPS Item 12(b)	Competition is facilitated in upstream and downstream gas markets by minimising barriers to access to essential infrastructure to the long-term benefit of end users
10	GPS Item 12(c)	The full costs of producing and transporting gas are signalled to consumers
11	GPS Item 12(d)	The quality of gas services where those services include a trade-off between quality and price, as far as possible, reflect customers' preferences
12	GPS Item 12(e)	The gas sector contributes to achieving the government's climate change objectives as set out in the New Zealand Energy Strategy, or any other document the Minister of Energy may specify from time to time, by minimising gas losses and promoting demand-side management and energy efficiency
13	GPS Item 9	It is also the government's objective that Gas Industry Co takes account of fairness and environmental sustainability in all its recommendations. To this end, the government's objective for the entire gas industry is as follows: To ensure that gas is delivered to existing and new customers in a safe, efficient, fair, reliable and environmentally sustainable manner
14	GPS Item 13 point 1	Pursue: An efficient market structure for the provision of gas metering, pipeline and energy services

Table 2. Gas Act, GPS objectives and outcomes assessment criteria (continued)

Criterion	Objective/outcome	Text
15	GPS Item 13 point 2	Pursue: The respective roles of gas metering, pipeline and gas retail participants are able to be clearly understood
16	GPS Item 13 point 3	Pursue: Efficient arrangements for the short-term trading of gas
17	GPS Item 13 point 4	Pursue: Accurate, efficient and timely arrangements for the allocation and reconciliation of upstream gas quantities
18	GPS Item 13 point 5	Pursue: Gas industry participants and new entrants are able to access transmission pipelines on reasonable terms and conditions
19	GPS Item 13 point 6	Gas governance arrangements are supported by appropriate compliance and dispute resolution processes

Table 3. Categorisation of assessment criteria

	Efficiency	Reliability	Safety	Environment	Fairness
Gas Act	Criterion 1	Criterion 1	Criterion 1		
	Criterion 2	Criterion 2	Criterion 7		
	Criterion 3	Criterion 6			
	Criterion 4				
	Criterion 5				
GPS objective	Criterion 8			Criterion 8	Criterion 13
	Criterion 9			Criterion 12	
	Criterion 10			Criterion 13	
	Criterion 11				
GPS outcome	Criterion 14				Criterion 18
	Criterion 15				
	Criterion 16				
	Criterion 17				
	Criterion 19				

Other information

Additional reporting

In addition to the reporting described in the work programme, Gas Industry Co also 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 provide specified services to Gas Industry Co:

Governance arrangement	Role	Service provider
Switching Rules	Registry operator	Jade Software Corporation
Reconciliation Rules (including D+1)	Allocation agent	Energy Market Services (Transpower)
CCM Regulations	Critical contingency operator	Plant & Platform

Directory

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Board of Directors

Rt Hon James (Jim) Bolger, ONZ, *Chair, Independent Director*

Robin Hill, B Comm, *Deputy Chair, Independent Director*

Andrew Brown, LLB, *Independent Director*

Sam Elder, MSc, BEng (Hons), *Independent Director*

Mike Fuge, BE (Hons) MCom (Hons) MIPENZ

Babu Bahirathan, BE (Hons) M.Fin

Paul Goodeve, LLB, BCA, CA

Executive

Andrew Knight, BMS (Hons), CA, Chief Executive

Susan Dunne, LLB, BCA, CA, General Manager
Corporate Services

Auditors

KPMG, Wellington

Bankers

Westpac New Zealand Limited

Shareholders

Contact Energy Limited

emsTradeport Limited

First Gas Limited

Genesis Energy Limited

Greymouth Gas New Zealand Limited

Mercury NZ Limited

Methanex New Zealand Limited

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Nova Energy Limited

OMV New Zealand Limited

Powerco Limited

Vector Limited

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