



Update on the Retail Competition and Transmission Capacity Workstream

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About Gas Industry Co.

Gas Industry Co was formed to be the co-regulator under the Gas Act.

Its role is to:

- recommend arrangements, including rules and regulations where appropriate, which improve:
 - the operation of gas markets;
 - access to infrastructure; and
 - consumer outcomes;
- administer, oversee compliance with, and review such arrangements; and
- report regularly to the Minister of Energy and Resources on the performance and present state of the New Zealand gas industry, and the achievement of the Government's policy objectives for the gas sector.

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Executive summary

In November 2010 Gas Industry Co released a Statement of Proposal that described issues caused by a constraint in Vector Transmission's North Pipeline. The paper recommended the introduction of Constrained Pipeline Rules (Rules) to allow existing large end users on the North Pipeline to have a greater choice of supplier.

In response, the industry asked for an opportunity to develop non-regulated alternatives to address issues in the short term and agreed with Gas Industry Co on a Gas Transmission Investment Programme to develop longer term solutions. This has led six of the seven North Pipeline suppliers and Vector Transmission to commit to a package of measures they believe will bring large end users a greater choice of supplier in the short term, and create a bridge to allow rapid progress towards resolving underlying problems with transmission access and pricing. We have called this package 'the Bridge Commitments' and these are set out in section 2 of this paper.

This Update paper considers how the Bridge Commitments affect the market and whether a regulatory solution is still required to address short term issues on the North Pipeline.

The first Bridge Commitment commits a signatory supplier, where it is supplying a large end user on the North Pipeline that is tendering for future supply, to make transmission capacity available to competing suppliers. The aim is to address the concern that the large end user may only receive an effective bid from its incumbent supplier (or a few others), due to the way capacity can be retained by the incumbent supplier's 'grandfathering rights'. The commitment provides that capacity is to be made available to other suppliers 'at a price that reasonably reflects the value of that existing capacity to the supplier, and at a quantity that will reflect the end user's demand, to the extent practicable'.

The second Bridge Commitment promises to make the quantity and price of capacity offered by an incumbent supplier publically available after the end of the tender process. This transparency will signal the value of scarce capacity to market participants.

Signatory suppliers also commit to provide to Gas Industry Co copies of the capacity offers they make. This will assist Gas Industry Co to monitor the effect on competition. The success of the Bridge Commitments will depend on whether they result in large end users having an effective choice of supplier, and Gas Industry Co will monitor that continuously, including the take-up rate of capacity offers.

The Bridge Commitments also provide for removal of existing limits on trading of power station capacity, which accounts for around half of North Pipeline capacity. It appears that there have been changes to operating regimes for those power stations which could lead to capacity being freed up for use by other pipeline users.

The Bridge Commitments include additional commitments that, although not directly addressing the issue of end user choice, prepare the path for longer term measures for improving transmission access and investment. At workshops held in April, industry participants requested that Gas Industry Co develop a coordinated project to address those issues. Gas Industry Co subsequently proposed the 'Gas Transmission Investment Programme', which was supported in industry submissions.

The Bridge Commitments are not a regulatory option. So the question for Gas Industry Co is not whether they are a superior alternative to the Rules, but whether they are likely to change the market dynamics sufficiently to alter the conclusion of the Statement of Proposal, that a regulatory solution is necessary and appropriate.

The proposed Rules were intended as a temporary 'fix' until underlying problems with transmission access and pricing are resolved. We consider that the Bridge Commitments should provide large end users with a more effective choice of supplier. If this assessment is correct, then an additional regulatory solution should not be necessary.

There are a number of additional advantages that potentially flow from the Bridge Commitments, including providing a price signal for scarce capacity and facilitating the development of capacity trading, whereas the Rules (as proposed) would not signal the value of scarce capacity and may discourage the introduction of more market-oriented approaches to the allocation of capacity. These benefits can help the market transition into the longer term. The Bridge Commitments increase our confidence that the longer term issues will be resolved expeditiously as parties commit their support to undertake work on longer term solutions to transmission access issues, particularly through Gas Industry Co's Gas Transmission Investment Programme.

Gas Industry Co concludes that:

- The Bridge Commitments comprise a package of non-regulatory measures to address concerns that existing large end users on the constrained North Pipeline do not have an effective choice of supplier in the short term, and to facilitate development of longer term access arrangements and investment.
- The commitment by incumbent suppliers to make capacity available to competitors is a significant step, which should provide large end users with a more effective choice of supplier. However whether large end users are given an effective choice of supplier will depend on details of capacity offers in relation to price and quantity.
- The Bridge Commitments should materially change the market and, as a result, intervention by way of the Rules is not justified at this time.
- The Bridge Commitments include disclosure provisions that will allow Gas Industry Co and the market to monitor their effectiveness, and allow market participants to gauge the value of capacity.

- The Bridge Commitments will contribute to timely and effective development of longer term transmission access arrangements, including providing incentives for future investment.

Gas Industry Co will:

- Seek assistance from suppliers to ensure that large end users are fully informed about the Bridge Commitments.
- Continuously monitor disclosures, the effectiveness of the Bridge Commitments, and any need for further action. We will report on those matters from time to time.
- Progress development of longer term access arrangements as expeditiously as possible.

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Introduction

1.1 Purpose

This Update considers whether recent changes in the market provided through initiatives of North Pipeline suppliers¹ and Vector Transmission Gas Limited, as transmission system owner (Vector Transmission) should change the conclusions in Gas Industry Co's November 2010 paper: *Retail Competition and Transmission Capacity: Statement of Proposal* (Statement of Proposal).²

The initiative comprises commitments from North Pipeline suppliers and Vector Transmission to a set of measures aimed at ensuring existing large end users³ on Vector Transmission's constrained North Pipeline have a more effective choice of gas supplier. The signatories also believe the measures will provide a bridge to implementing new long term access arrangements. The industry's endorsement of the Gas Transmission Investment Programme has confirmed the importance of ensuring the short term solution does not negatively affect longer-term work. The package of commitments is referred to in this Update as the 'Bridge Commitments'.

1.2 Background

Reduction in retail competition on the North Pipeline

Since Vector Transmission announced in mid-2009 that its North Pipeline had reached its physical capacity limit, large end users who have sought bids for their gas supply report that the level of competition has significantly reduced. It is clear from a consideration of the commercial arrangements that in some cases only the incumbent supplier or just a few others hold enough pipeline capacity to supply an end user, and hence make an unconditional offer to supply. Because other suppliers wishing to compete are generally unable to obtain the necessary pipeline capacity, large end users face reduced competition.

This situation is of concern to Gas Industry Co because the facilitation of competitive markets is an underlying principle of the Gas Act 1992 (Gas Act), also reflected in the April 2008 Government Policy Statement on Gas Governance (GPS). A brief description of developments since the North Pipeline

¹ Depending on the context, supplier means either 'retailer' or 'shipper'.

² http://www.gasindustry.co.nz/sites/default/files/u180/Retail_Competition_and_Transmission_Capacity_Statement_of_Proposal_FINAL_15448_5.7.pdf

³ A 'large end user' is a user in allocation group 1 or 2 as defined by the Gas (Downstream Reconciliation) Rules 2008.

constraint was announced is presented in Appendix A. The regulatory objective is set out in section 6.2 of the Statement of Proposal. It is:

To ensure that, in the short term, end users who are able to be supplied by existing pipeline capacity are not prevented from having an effective choice of supplier. The solution should not compromise achieving the Gas Act and GPS objectives in the longer term.

Gas Industry Co's previous work related to this matter can be found at <http://gasindustry.co.nz/work-programme/transmission-pipeline-capacity>.

Consideration of options to resolve the problem

The Statement of Proposal considered a number of options to minimise barriers to competition to supply large end users served by Vector Transmission's North Pipeline. On evaluation, the preferred option was to introduce Rules to allow transmission capacity to 'follow the end user'. The main feature of this option is that, when a large end user on a constrained pipeline changes supplier, the 'old' supplier relinquishes the transmission capacity it held to supply the end user, allowing the new supplier to use it.

Analysis of submissions on Statement of Proposal

A number of submissions on the Statement of Proposal suggested that the issues could be better addressed through non-regulatory options. This was one matter Gas Industry Co addressed in its April 2011 paper entitled; *Retail Competition and Transmission Capacity Statement of Proposal: Submissions Analysis and Next Steps* (Submissions Analysis).⁴ In that paper we noted that any of the options put forward in the Statement of Proposal could potentially be implemented as a non-regulatory solution. We also drew attention to a suggested non-regulated solution proposed by Contact Energy in its submission. The paper concluded that, due to the widespread view that a non-regulatory option was feasible, industry participants should be given an opportunity to propose a non-regulatory option. We determined that an industry workshop be convened for that purpose.

Workshop to consider non-regulatory options

A Retail Competition Workshop was held on Thursday, 14 April 2011. The workshop:

- reviewed submissions on the Statement of Proposal;
- presented the conclusion of the Submissions Analysis paper; and
- discussed what further non-regulatory solutions should be considered.

One non-regulatory solution emerged as a reasonably practicable option. It was agreed at the workshop that Vector Transmission should develop this proposal (referred to as a 'Market Package')

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http://www.gasindustry.co.nz/sites/default/files/u180/retail_competition_and_transmission_capacity_sop_submissions_analysis_final_155240_9_1.pdf

on behalf of the industry, and submit it to Gas Industry Co. It would then be evaluated in the same way as other options had been evaluated in the Statement of Proposal.

Development of the Market Package and Bridge Commitments

On 19 May 2011, Vector Transmission presented Gas Industry Co with the Market Package it had developed on behalf of the industry. The central concept of the Package is the creation of capacity auctions. Vector Transmission acknowledged that the design of the auctions would need to be carefully thought through to avoid 'gaming opportunities'.

Gas Industry Co's preliminary view of the Market Package was that it is market oriented; potentially allows more suppliers to bid to supply existing large end users, and could well form part of longer term access arrangements being worked on as part of the Gas Transmission Investment Programme. However, it would take at least 12 months to implement, so did not improve market conditions for large end users in the short term.

We accordingly encouraged suppliers and Vector Transmission to consider whether other concepts discussed at the 14 April 2011 workshop could be consolidated into a package of measures that addressed the short term. What finally emerged was the Bridge Commitments.

It is important to note that the Bridge Commitments are not a 'regulatory option'. So the question for Gas Industry Co is not whether they are a superior alternative to the Rules, but whether they are likely to change the market dynamics sufficiently to alter the conclusion of the Statement of Proposal that a regulatory solution is necessary and appropriate.

Industry prioritisation of long term capacity work

At the April workshop, industry participants supported Gas Industry Co to place a higher priority on resolving the longer term issues that exist in the market related to access and investment.⁵ After the workshop, Gas Industry Co developed a project proposal for the 'Gas Transmission Investment Programme' to investigate and address issues these longer term issues. We received broad support from submitters on the programme. The introduction of the programme has placed greater importance on ensuring that any short-term solution to retail competition issues does support longer term market changes.

⁵ More information on Gas Industry Co's long-term capacity workstream can be found here: <http://gasindustry.co.nz/work-programme/workshops/long-term>

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Description of Bridge Commitments

2.1 Signatories to the Bridge Commitments

The Commitments have been signed by Vector Gas Limited (as Transmission System Owner) and six of the seven North Pipeline suppliers.

- Contact Energy Limited
- Energy Direct NZ Limited
- Genesis Power Limited
- Mighty River Power Limited
- Nova Gas Limited
- On Gas Limited

2.2 The Bridge Commitments

The Commitments are a set of promises made by suppliers and Vector Transmission that each signatory will:

1. *as a Shipper supplying a large end user (end user) who obtains gas from the Northern Pipeline, where the end user tenders for future supply to:*
 - a. *ensure that transmission capacity (capacity) is available to the preferred retailer of the end user of gas, at a price that reasonably reflects the value of that existing capacity to the Shipper, and at a quantity that will reflect the end user's demand, to the extent practicable;*
 - b. *provide that capacity price and quantity information, at the end user's or another Shipper's request, within five business days, to allow competing bidders to incorporate it into their supply proposals; and*
 - c. *provide the information in paragraph 1(b) to the Gas Industry Company Limited (GIC), together with the name of the end user, relevant ICP number and any other material terms of the*

capacity transfer offer at the time they are made to assist the GIC in assessing the efficacy of the arrangement set out in this paragraph.

- 2. to ensure that within ten business days after the completion of the tender process initiated by the end user or Shipper, the information in paragraph 1(b) will be disclosed on the public version of the Vector Transmission Open Access Transmission Information System (OATIS).*
- 3. to negotiate, and where practicable agree on a set of reasonable commercial terms to govern the transfer of capacity under Supplementary Agreements and Non-Code Shipper transmission services agreements (including where relevant reasonable amendments to Supplementary Agreements and Non-Code Shipper transmission services agreements), by a target date of 1 December 2011.*
- 4. to disclose to the GIC such information as the GIC reasonably requires to enable it to understand and assess the extent of the Northern Pipeline capacity constraint, the efficiency of the current capacity allocation mechanism and the need for asset investment, provided the GIC only uses the information for the purposes set out in this paragraph and keeps confidential any information identified by a discloser as confidential (including not disclosing that information to any competitor).*
- 5. to work with GIC on a review of the Northern Pipeline capacity constraint, with the results made public and presented in an open forum by a target date of 1 December 2011.*
- 6. to work together to develop a platform (known as a Bulletin Board) to facilitate the open and transparent trading of capacity between willing buyers and sellers, by a target date of 1 December 2011.*
- 7. to participate in a project with the objective of developing longer term market solutions; establishing the current need for gas transmission investment; and developing an effective pathway for gas transmission investment to take place, including correctly signalling the price of gas transmission capacity.*

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Assessment of the Bridge Commitments

3.1 Incumbent supplier commitment to offer capacity to competitors and publically disclose offer details

Overview

Because Vector Transmission will not sell more capacity than is already on issue, it is difficult for suppliers to compete against an incumbent supplier of an existing user. Commitment #1 aims to address this problem by requiring the incumbent supplier to offer transmission capacity to competing suppliers.

Commitment #1 provides that, when a large end user tenders its gas supply, the incumbent supplier will make capacity available if it loses the tender. Prior to submitting a bid for a large end user, competing suppliers or the end user can ask the incumbent supplier to advise the quantity and price of capacity that will be made available, and the incumbent supplier will respond (within 5 business days) with an offer to make a particular quantity of capacity available at a price. The quantity will '... reflect the end user's demand, to the extent practicable', and the price will be at a level that '... reasonably reflects the value of that existing capacity to the Shipper'.

Incumbent suppliers will also provide copies to Gas Industry Co of all transmission capacity offers made to other suppliers. This will help Gas Industry Co to assess how effective the Commitment is.

Commitment #2 allows for the capacity and price information of all capacity offers made by incumbent suppliers to competing suppliers to be posted on the public version of Vector Transmission's OATIS.⁶ Offers are to be posted within ten business days after the tender process has been completed.

Assessment

Commitment #1 will provide competing suppliers with a new option to obtain capacity necessary to supply an end user, and hence should provide that end user with more choice of supplier.

⁶ OATIS can be accessed at: <https://www.oatis.co.nz/Ngc.Oatis.Ul.Web.Internet/Common/OatisLogin.aspx>

However, whether that choice is effective will depend on price and quantity offered. Since North Pipeline capacity is scarce, it has an economic value higher than Vector Transmission's posted price and an efficient market should signal that scarcity value to end users. Incumbent suppliers will probably consider (both currently and while the constraint persists) that a premium above posted price is justified, and economically defensible so long as the market to supply end users is reasonably competitive. Hence, the Bridge Commitments have committed to making capacity available to competing suppliers, but on the basis that offers will '... reasonably [reflect] the value of that existing capacity to the Shipper'.

In regard to the quantity of capacity that may be made available by incumbent suppliers, the commitment to '... reflect the end user's demand, to the extent practicable' reflects the fact that separating 100% of end user capacity from the incumbent supplier's existing capacity portfolio may not always be possible and/or has an associated cost. An incumbent supplier is only likely to hold sufficient capacity to cover an end user's demand at the time of peak demand of the supplier's aggregate portfolio; this amount may be less than the end user's peak demand. Equally, and depending on its capacity portfolio, a competing supplier may not require that full amount of capacity at peak time.

Because suppliers compete on the bundled price of gas, transmission, distribution (where applicable) and retail services, to the extent that a supplier can offer a better package of these components, Commitment #1 should allow for increased competition.

Since the material terms of capacity offers will be copied to Gas Industry Co, we will be able to assess and report on such offers and whether they are providing greater choice/competition. This has not been possible to date, and we would expect this new transparency to influence supplier behaviour and to provide Gas Industry Co with the basis to continuously assess choice/competition.

The Commitment #2 promise to post price and quantity offers on OATIS, following the completion of a tender process, should also provide market participants with better visibility of the value of capacity, and influence supplier behaviour. We consider this price disclosure to be a necessary and valuable move towards more efficient market arrangements.

3.2 Commitment to make Power Station capacity tradable

Overview

Commitment #3 provides that the parties will negotiate terms to allow for the transfer of non-code capacity to North Pipeline suppliers, with a target date of 1 December 2011.

About half of the North Pipeline firm capacity is dedicated to supplying the Otahuhu and Southdown power stations. Unlike other firm capacity, capacity supplying power stations (and other

'supplementary' and 'non-code' capacity⁷) is currently not tradable. This can result in idle capacity – for example, where a power station is not making full use of its capacity. Commitment #3 aims to allow this capacity to be used.

It appears that the power stations are not using their full capacity entitlements as consistently as they have in the past, and the amount of unused capacity may increase in future years. So it is increasingly important that this capacity can be effectively used.

Assessment

Commitment #3 would free up transmission capacity to be used more effectively.

While it is inherently beneficial to maximise the utilisation of a scarce resource, the effect of freeing up unused capacity on retail competition will depend on the way in which that capacity is made available and on the ability of suppliers to use the capacity innovatively.

For example, a supplier who acquired capacity that was available on an ad-hoc basis could look to pair that capacity with existing customers willing to engage in demand-side management. That could be a valuable alternative to any interruptible capacity offered by Vector Transmission. Thus, the value and effectiveness of Commitment #3 will, in large part, be determined by the efforts of suppliers and their customers.

We believe that in a constrained situation there should be as few barriers as possible to permitting all rights to use capacity to be tradable. This will allow market participants to make offers to use the capacity, possibly in innovative ways we do not imagine at present. We therefore support Commitment #3.

3.3 Providing Gas Industry Co with access to information

Overview

Commitment #4 will allow Gas Industry Co to access information needed '... to understand and assess the extent of the Northern Pipeline capacity constraint, the efficiency of the current capacity allocation mechanism and the need for asset investment...'. This has not been possible to date.

Assessment

Commitment #4 will give Gas Industry Co better visibility on the market. This will improve our ability to assess market conditions and the need for any intervention.

⁷ The other 'supplementary' and 'non-code' contracts relate to very minor quantities of capacity relative to the power station contracts.

3.4 Review of constraint

Overview

Commitment #5 provides that Vector Transmission will work with Gas Industry Co to undertake a formal review of the constraint, and report the findings in public by 1 December 2011.

Assessment

Commitment #5 should provide greater market confidence on the extent of the constraint, and the factors that are important to aggravating or alleviating it. Vector Transmission will have assessed the capacity constraint as a reasonable and prudent operator, and with a full awareness of its commercial and legal risks. However, it remains difficult for lay observers to assess what factors have been taken into account in Vector Transmission's analysis, and whether it is unduly conservative or not. Commitment #5 will allow this information asymmetry to be resolved.

3.5 Bulletin Board development

Overview

Commitment #6 is an agreement to develop a 'bulletin board' by 1 December 2011. The bulletin board would essentially connect potential buyers and sellers of transmission capacity. It would not be a trading platform. Trades would continue to take place bilaterally between parties, at negotiated prices.

Assessment

Commitment #6 could make it easier for buyers and sellers of transmission capacity to identify each other. Depending on the final form of the bulletin board it may even provide some public visibility on the extent of capacity trading activity between suppliers. Gas Industry Co views this as a potentially useful stepping stone to development of more sophisticated arrangements for trading of capacity.

3.6 Developing longer term market solutions

Overview

Commitment #7 is an agreement for signatories to participate in the development of longer-term market solutions.

Assessment

Commitment #7, to participate in longer term market development, provides further confirmation that addressing the longer-term investment issue is a priority.

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Conclusions and next steps

Gas Industry Co believes that the Commitments represent a significant initiative by Vector Transmission and North Pipeline suppliers. In particular, Commitments #1 and #2 offer the opportunity to improve competition for large end users and, in the process, reveal the value that suppliers place on capacity. The terms on which capacity is offered will be critical to the outcome.

The other Commitments, although they do not directly address the regulatory objective, have the potential to improve the efficiency of the market. In particular, the Commitments include explicit support for providing more market information, and developing longer term market solutions. These assurances give Gas Industry Co confidence that the signatories wish to hasten the long term solution that will be advanced through the Gas Transmission Investment Programme.

Gas Industry Co concludes that:

- The Bridge Commitments comprise a package of non-regulatory measures to address concerns that existing large end users on the constrained North Pipeline do not have an effective choice of supplier in the short term, and to facilitate development of longer term access arrangements and investment.
- The commitment by incumbent suppliers to make capacity available to competitors is a significant step. However whether large end users are given an effective choice of supplier will depend on details of capacity offers in relation to price and quantity.
- The Bridge Commitments should materially change the market and, as a result, intervention by way of the Rules is not justified at this time.
- The Bridge Commitments include disclosure provisions that will allow Gas Industry Co to monitor their effectiveness, and market participants to gauge the value of capacity.
- The Bridge Commitments will contribute to timely and effective development of longer term transmission access arrangements, including providing incentives for future investment.

Gas Industry Co will:

- Seek assistance from suppliers to ensure that large end users are fully informed about the Bridge Commitments.

- Continuously monitor disclosures, the effectiveness of the Bridge Commitments, and any need for further action. We will report on those matters from time to time.
- Progress development of longer term access arrangements as expeditiously as possible.

Appendix A Background summary

Date	Development
July 2009	Vector Transmission declares constraint. Vector Transmission determined it could not meet suppliers' requests for reserved capacity on the North Pipeline for the year commencing 1 October 2009. Suppliers' requests were scaled back.
February 2010	Reduced competition reported. Gas Industry Co meets with pipeline companies, suppliers, and end-users to discuss transmission pipeline capacity. The concerns of all participants are dominated by Vector Transmission's decision not to sell any more firm capacity on the North Pipeline. Large end users on the North Pipeline find they no longer receive the number of competitive bids for gas supply they previously enjoyed. Suppliers who wish to submit bids, but hold insufficient spare capacity, are unable to obtain the necessary 'additional' capacity from Vector Transmission.
April 2010	Issues discussed with industry. Workshop held in Wellington to discuss long term issues. Short term competition emerges as the major concern.
May 2010	Increasing end user concern. For example, Fred Hellaby, of Wilson Hellaby, writes to Minister and Chair of Commerce Commission saying: <i>'If this situation is not resolved, it will cost us significantly as our incumbent supplier is offering at a premium in excess of 25% when compared to our preferred supplier. Accordingly, we urgently request that the Minister look into, and take urgent steps to resolve, this situation'</i> .
June/July 2010	Further discussion of Issues with industry. Workshops held in Auckland and Wellington with strong representation from end users, pipeline owners and suppliers to discuss long term and short term issues.
November 2010	Gas Industry Co releases <i>Retail Competition and Transmission Capacity: Statement of Proposal (Statement of Proposal)</i>. The paper analyses a range of options and concludes that the 'Capacity follows End User' option is preferred.
April 2011	Gas Industry Co releases an <i>Analysis of Submissions and Next Steps (Submissions Analysis Paper)</i>. The paper determined that a workshop should be held for industry participants to discuss how competition to supply large gas users could be improved by non-regulated means. Workshop held to explore non-regulatory options. Non-regulatory options explored but only a Vector Transmission 'trading package' option emerges as a possible alternative to Rules. Vector Transmission agrees to firm up the proposal within a month.
May 2011	Vector Transmission presents Trading Package. Gas Industry Co assesses that the package is unlikely to address short term competition concerns.
August 2011	Suppliers and Vector Transmission make Bridge Commitments. The content and possible effect of the commitments is described in section 2 of this report.

Glossary

capacity	Reserved Capacity or Supplementary Capacity as defined in the VTC.
end user	A person who buys and consumes gas.
interruptible (shipper or end user)	Where a shipper or end user has agreed with Vector Transmission that they may be interrupted from time to time.
large end user	an end user in allocation group 1 or 2 as defined by the Gas (Downstream Reconciliation) Rules 2008.
OATIS	‘Open Access Transmission Information System’ The information system and internet site used to manage day to day operations of open access on the Vector and Maui pipelines.
primary capacity market	The ‘market’ in which Vector Transmission sells capacity to suppliers, normally under posted tariffs.
reserved capacity	The amount of capacity reserved and held by users under the VTC; the limit on the amount of gas a user can have transported without incurring overrun charges.
retailer	A shipper who sells delivered gas to end users.
secondary capacity market	The market in which suppliers sell capacity to other suppliers.
shipper	A person who buys capacity from Vector Transmission, as defined in the VTC.
supplier	A person who supplies gas to an end user. Depending on the context, supplier means either ‘retailer’ or ‘shipper’ in this report.
VTC	Vector Transmission Code.