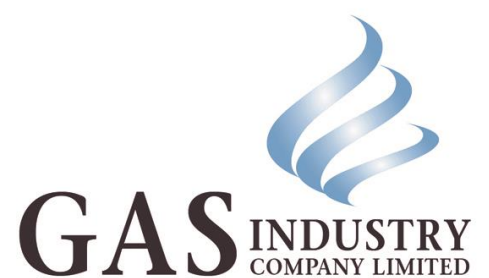




Recommendation to the Minister of Energy on Amendment to Gas Compliance Regulations

March 2008





About the Gas Industry Co.

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

As such, 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 on the performance and present state of the New Zealand gas industry, and the achievement of Government's policy objectives for the gas sector.

Authorship

This paper was prepared by Tristan Meo of Gas Industry Co.

Executive summary

Gas Industry Co is recommending rules to establish a regime which will provide for more efficient and accurate allocation and reconciliation of downstream gas quantities (the 'Reconciliation rules'). An effective compliance regime is crucial to ensuring that the proposed Reconciliation rules achieve their purpose.

In May 2007, Gas Industry Co recommended that it establish a regime for enforcement of the Gas (Switching Arrangements) Rules 2008 (the 'Switching rules') through the Gas (Compliance) Regulations (the 'Compliance regulations'). The proposed Compliance regulations provide for:

- a Market Administrator which has responsibility for receiving notices of reported breaches of the rules, attending to administrative tasks, determining the materiality of breaches, and attempting to resolve any immaterial breach with the agreement of the parties.
- an Investigator who investigates material or unresolved immaterial breaches, endeavours to settle the matter, and refers settlements and unresolved breaches to the Rulings Panel.
- a one member Rulings Panel which approves or rejects settlements, determines unresolved breaches and orders remedies.

In its Statement of Proposal issued in September 2007, Gas Industry Co proposed that, in order to enforce compliance with the Reconciliation rules, the proposed Compliance regulations be amended to cover those rules. The proposed amendments:

- Add a reference to the Reconciliation rules to the purpose statement in regulation 3.
- Amend the definition of 'rules' in regulation 4 to include the Reconciliation rules.
- Insert the definitions of 'allocation agent' and 'allocation participants' into regulation 4.
- Require the allocation agent and auditors to notify the market administrator of alleged breaches.
- Include a provision limiting the liability of the allocation agent for breaches of certain rules.

These amendments were also briefly discussed at a recent industry workshop on the draft Reconciliation rules. A copy of the proposed amended Compliance regulations is attached as Appendix IV.

Gas Industry Co considers that the application of the amended Compliance regulations to the Reconciliation rules will provide a high degree of confidence that the rules will be adhered to, and thereby contribute to the better achievement of the Government's objectives for the retail sector of the gas industry. Accordingly, Gas Industry Co recommends that the Gas (Compliance) Regulations be amended as set out in Appendix IV of this recommendation.

Contents

1	Introduction	1
1.1	Purpose	1
1.2	Background	2
<hr/>		
2	Process to establish regulations	3
2.1	Legislative powers	3
2.2	Legal requirements when recommending rules or regulations	4
2.3	Rules or regulations	6
<hr/>		
3	Statement of Proposal and Assessment	8
3.1	Statement of proposal	8
3.2	Assessment	8
<hr/>		
4	Consultation	10
5	Potential Risks	12
6	Gas Act Objectives	13
6.1	General objectives	13
6.2	Objectives for compliance and enforcement	15
<hr/>		
7	Other issues	16
7.1	Consultation with Ministry of Economic Development	16
7.2	Communications	16

8	Recommendation	17
	Appendices	18
	Appendix I: List of stakeholders consulted	19
	Appendix II: Notice for Gazette	21
	Appendix III: Notice for website	23
	Appendix IV: Recommended amended Gas (Compliance) Regulations	25

1

Introduction

1.1 Purpose

This recommendation accompanies a recommendation by Gas Industry Co to the Minister of Energy for rules relating to the reconciliation and allocation of downstream gas quantities: the Gas (Downstream Reconciliation) Rules.

Gas Industry Co is recommending rules to establish an allocation and reconciliation regime which will:

- Implement a number of mandatory information quality measures;
- Provide for the appointment of a single downstream allocation agent by Gas Industry Co;
- Establish that the month end daily allocation service will be performed using a specified global methodology on all gas gates to ensure that gas quantities and UFG are more fairly and accurately allocated across all retailers;
- Provide for greater transparency through publication of a range of information, including UFG quantities;
- Mandate clear, transparent governance structures and related processes;
- Allow for the performance of audits and the establishment of a compliance regime; and
- Provide for the granting of exemptions by Gas Industry Co, where appropriate.

In order to achieve the purpose of the Reconciliation rules, it will be necessary for Gas Industry Co to be able to enforce compliance with them. In May 2007, Gas Industry Co made a recommendation to the Minister for Compliance regulations to enforce the recommended Switching rules. In January 2008, Gas Industry Co made a recommendation for rules requiring disclosure of certain information by owners of gas processing facilities (the 'Information disclosure rules'), which was accompanied by a recommendation to amend the Compliance regulations to cover those rules. The Compliance regulations, and amendments, are currently awaiting approval by the Minister before going through the formal regulation-making process.

This recommendation proposes that the Compliance regulations be further amended to cover the Reconciliation rules.

1.2 Background

In its May 2007 recommendation, Gas Industry Co recommended that it establish, through regulations, a regime for enforcement of the proposed Switching rules. The work undertaken to design, and consult upon, the proposed compliance regime is set out in detail in the May 2007 recommendation.

The compliance regime is made up of:

- a Market Administrator which has responsibility for receiving notices of reported breaches of the rules, attending to administrative tasks, determining the materiality of breaches, and attempting to resolve any immaterial breach with the agreement of the parties.
- an Investigator who investigates material or unresolved immaterial breaches, endeavours to settle the matter, and refers settlements and unresolved breaches to the Rulings Panel.
- a one member Rulings Panel which approves or rejects settlements, determines unresolved breaches and orders remedies.

In its Statement of Proposal issued in September 2007, Gas Industry Co proposed that the reasonably practicable option that best met the regulatory objective of achieving more efficient and accurate downstream allocation and reconciliation of gas quantities was to recommend the Reconciliation rules.

In section 9 of that proposal, it was suggested that, in order to enforce compliance with those rules, the proposed Compliance regulations be amended to cover the Reconciliation rules.

2

Process to establish regulations

2.1 Legislative powers

Power to make regulations for compliance and enforcement

The specific powers in the Gas Act 1992 which allow Gas Industry Co to recommend rules in respect of downstream reconciliation are described in section 3.1 of the recommendation for Reconciliation rules.

In addition, section 43G(2) of the Act provides that the Minister of Energy can recommend to the Governor-General the making of regulations for the purpose of:

- (i) providing procedures for resolving disputes between industry participants;
- (j) providing for the operation and facilitation of those dispute resolution procedures by a person, and the powers and procedures of that person;
- (k) providing for compliance with gas governance regulations and rules to be monitored and enforced by the industry body or the Commission or any other person or court, and the powers and procedures of that person or court:

Specific provisions relating to enforcement and compliance

Subpart 1 of Part 4A of the Act sets out a broad framework for enforcing compliance with any gas governance rules and regulations made pursuant to Part 4A. The provisions within the Act:

- contemplate that a Rulings Panel may be established;
- include limits on investigation powers for monitoring and enforcing compliance with gas governance regulations and rules, obligations on industry participants to co-operate with any investigation, and privileges protection (sections 43U to 43W);
- contain a list of the orders that the Rulings Panel can make (sections 43X and 43Y);
- impose limits on tort claims against service providers (section 43Z); and
- establish rights of judicial review and appeal to the Courts (sections 43ZA to 43ZJ).

Supplementary powers

In addition, section 43S of the Act includes supplementary empowering provisions applying to any regulation or rule made under Subpart 1 of Part 4A of the Act (which includes the Reconciliation rules) Those provisions include the ability for rules or regulations to:

- (a) provide for 1 or more persons or bodies or groups of persons to carry out functions in relation to those regulations or rules, and for matters concerning their establishment, constitution, functions, members (including their appointment, removal, duties, and protection from liability), procedures, employees, administration and operation, funding by participants, and reporting requirements:
- (b) provide for systems, processes and procedures (including dispute resolution procedures), and the keeping, supply and disclosure of information, in relation to any matters specified in this subpart:
- (c) prescribe the form and manner in which information is to be disclosed:
- (d) require disclosed information, or information from which disclosed information is derived (in whole or in part), to be certified, in the prescribed form, by persons belonging to any specified class of persons:
- (e) prescribe when and for how long information must be disclosed:
- (f) exempt or provide for exemptions (including provide for the revocation of exemptions), on any terms and conditions, of any person or class of persons from all or any of the requirements in regulations or rules made under this subpart:
- (g) provide for the supply of information for the purpose of administration and enforcement of this Act, and regulations and rules made under this Act:
- (h) provide for transitional provisions:
- (i) provide for any other matters contemplated by this Act or necessary for its administration or necessary for giving it full effect.

2.2 Legal requirements when recommending rules or regulations

Section 43L – consultation

Before recommending rules or regulations to the Minister, Gas Industry Co must comply with section 43L(1) of the Act. That section requires Gas Industry Co to:

- (a) undertake an assessment under section 43N; and
- (b) consult with persons the recommending body thinks are representative of the interests of persons likely to be substantially affected by the proposed regulations; and
- (c) give those persons an opportunity to make submissions; and

- (d) consider those submissions.

A summary of the consultation undertaken by Gas Industry Co is provided in section 4 of this recommendation.

Section 43N(1) – identification and assessment of options

Under section 43N(1) of the Act Gas Industry Co is required to:

- (a) seek to identify all reasonably practicable options for achieving the objective of the regulation; and
- (b) assess those options by considering-
 - (i) the benefits and costs of each option; and
 - (ii) the extent to which the objective would be promoted or achieved by each option; and
 - (iii) any other matters that the industry body or the Commission considers relevant; and
- (c) ensure that the objective of the regulation is unlikely to be satisfactorily achieved by any reasonably practicable means other than the making of the regulation (for example, by education, information, or voluntary compliance); and
- (d) prepare a statement of the proposal for the purpose of consultation under section 43L(1).

Section 43N(2) – statement of proposal

Under section 43N(2) of the Act, the statement of proposal must contain:

- (a) a detailed statement of the proposal; and
- (b) a statement of the reasons for the proposal; and
- (c) an assessment of the reasonably practicable options, including the proposal, identified under subsection (1); and
- (d) other information that the industry body or the Commission considers relevant.

A summary of Gas Industry Co's Statement of Proposal, including the assessment of the options identified, is provided in section 3 of this recommendation.

Conclusion

Gas Industry Co considers that it has complied with all of the requirements of sections 43L and 43N of the Act.

2.3 Rules or regulations

Section 43Q

Under section 43Q(1) of the Act, the Minister may make a rule for all or any of the purposes for which a gas governance regulation may be made.

When deciding to make a rule rather than a regulation, under section 43Q(2) of the Act the Minister must have regard to only:

- (a) the importance of the rule, including whether the rule has a material effect on the rights and interests of individuals:
- (b) the subject matter of the rule, including whether the rule contains detailed or technical matters rather than matters of general principle:
- (c) the application of the rule, including-
 - (i) whether the rule applies principally to a particular group (e.g. industry participants) rather than the general public:
 - (ii) whether the benefits of publication in accordance with section 43R rather than the Acts and Regulations Publication Act 1989 outweigh the costs of publication by that method:
- (d) the expertise and rule-making procedures of the recommending body.

Conclusion

Gas Industry Co considers that the proposed amended compliance and enforcement arrangements are important in that they:

- govern the rights of individuals in respect of the imposition of remedies;
- govern investigative powers and obligations to co-operate with investigations, including a right of entry into industry participants premises, as specified by the Act;
- govern the possible remedies, including compensation, available to a consumer affected by a participant's breach of the rules, as specified by the Act; and
- create a dispute resolution body defined by the Act for the purposes of the Reconciliation rules.

Given that the subject matter of the regulations:

- contain matters of general principle in the determination of rule breaches and disputes rather than technical or detailed matters;

- govern how disputes between industry participants will be resolved, and the integrity of the rules maintained; and
- have a wider application than industry participants (as consumers and other affected persons including Gas Industry Co have a right to report rule breaches);

Gas Industry Co has recommended that compliance and enforcement of the Reconciliation rules should be implemented by way of amending the current Compliance regulations.

Publication of notice in Gazette

Gas Industry Co must, no later than 10 working days after it gives a recommendation to the Minister for a gas governance rule or regulation, publicise that recommendation and the assessment completed under section 43N. The recommendation will be made available on Gas Industry Co's website and notified in the Gazette for that purpose. A draft Gazette notice is attached as Appendix III.

3

Statement of Proposal and Assessment

3.1 Statement of proposal

One of the potential issues with any regime for allocating and reconciling gas quantities is the difficulty of enforcing ongoing compliance with the regime once participants have 'signed up.

As required by the Act, section 9 of the September 2007 Statement of Proposal contained a detailed proposal for enforcement of the proposed Reconciliation rules, a statement of the reasons for the proposal, an assessment of the reasonably practicable options, including the proposal, and confirmation that there is no other information that Gas Industry Co considers is relevant. A copy of the amended draft Compliance regulations was attached as Appendix 7 to the Statement of Proposal.

The proposed amendments:

- Add a reference to the Reconciliation rules to the purpose statement in regulation 3.
- Amend the definition of 'rules' in regulation 4 to include the Reconciliation rules.
- Insert the definitions of 'allocation agent' and 'allocation participants' into regulation 4.
- Require the allocation agent and auditors to notify the market administrator of alleged breaches.
- Include a provision limiting the liability of the allocation agent for breaches of certain rules.

A copy of the draft amended Compliance regulations is attached as Appendix IV.

3.2 Assessment

As with other regulatory arrangements proposed by Gas Industry Co, consideration needs to be given to whether the compliance regime should be effected through a pan-industry agreement or regulations. The objective of any compliance regime is to provide a high degree

of confidence that the proposed rules or regulations will be adhered to, thereby contributing to the overall achievement of the Government's policy objectives for the gas industry.

Having concluded that the Reconciliation rules are required for the effective allocation and reconciliation of downstream gas quantities, it follows that it would be most effective for the compliance regime to also be regulated under the Act. Further, as a compliance regime affects peoples' rights, including empowering a decision-making body to make determinations and impose penalties on parties to such determinations, it is appropriate that the regime should be implemented through regulations under the Act rather than rules.

The costs and benefits of a compliance regime are necessarily linked to ensuring that the benefits of the arrangements which they enforce are achieved. The benefits of the compliance regime are therefore the achievement of the benefits derived from the implementation of those arrangements.

In this case, the benefits of a regime for compliance with, and enforcement of, rules for the allocation and reconciliation of downstream gas quantities is ensuring the achievement of the benefits described in the recommendation for the Reconciliation rules (see section 2.1 of the recommendation). In particular, it is important that compliance be achieved in the most efficient manner possible.

The likely range of costs for a compliance regime was set out in Appendix 3 of the May 2007 Compliance recommendation for the Switching rules. These covered all of the initial establishment and set up costs for the regime, including appointment of investigators and the Rulings Panel.

As those costs will have already been incurred, the costs of providing for compliance with the Reconciliation rules will only consist of the incremental cost of amending the Compliance regulations to apply to those rules, and any additional workload for the compliance bodies set out in section 1.2 above. It is not envisaged, for example, that coverage of the Reconciliation rules will require appointment of additional personnel to any of those bodies.

Gas Industry Co notes, though, that any increased compliances costs will be able to be recovered from industry participants through the ongoing fees set out in the Compliance regulations.

4 Consultation

Section 43L of the Act requires Gas Industry Co to:

- consult with persons that Gas Industry Co thinks are representative of the interests of persons likely to be substantially affected by the proposal;
- give those persons the opportunity to make submissions; and
- consider those submissions.

These consultation obligations also apply to a recommendation to amend rules or regulations. Gas Industry Co consulted on the September 2007 Statement of Proposal over a 5 week period¹. Submissions were invited from the list of stakeholders in Appendix I.

Submissions on the statement of proposal were received from 9 industry participants:

- Contact Energy;
- E-Gas;
- Energy Direct NZ (formerly Wanganui Gas);
- GasNet;
- Genesis Energy;
- Nova Gas;
- PowerCo;
- Tom Tetenburg and Associates; and
- Vector.

¹ Gas Industry Co previously consulted stakeholders on the January 2007 discussion paper.

Except for PowerCo, Vector and Tom Tetenburg and Associates, Gas Industry Co understands all of the submitters retail gas to consumers. PowerCo and Vector have an interest in the Reconciliation rules primarily as distributors, while Tom Tetenburg and Associates currently carry out the allocation agent functions under the existing voluntary Reconciliation Code.

While there was little comment from submitters on the details of the proposed amendments to the Compliance regulations, the comments that were received indicated acceptance that a regulated solution was the appropriate mechanism for enforcing the proposed rules.

Vector considered that the Compliance regulations generally appear to be fit for purpose.

Genesis Energy raised two minor issues.

Firstly, it recommended that the Compliance regulations specify which rights of an industry participant under any gas governance regulations or rules that the Rulings Panel may terminate or suspend – given the potential severity of such an order. Gas Industry Co does not consider such an amendment is necessary. The powers of the Rulings Panel are set out in s43X of the Act and that section expressly provides for the Rulings Panel to have that general discretion in any particular case. Gas Industry Co considers it desirable that the Rulings Panel have the full range of powers envisaged by the Act available to it to adequately address any breaches of the rules. Moreover, the rights which may be subject to a suspension or termination order are wide-ranging and change over time. While currently the only rights which may be affected are those set out in the Switching rules, Information disclosure rules and the Reconciliation rules, Gas Industry Co has signalled that, over time, it is likely that further gas governance arrangements will be subject to the Compliance regulations.

Secondly, Genesis Energy suggests that a 3 year limitation for breaches of the Reconciliation rules is excessive, and that a 2 year limitation is preferable to provide greater certainty regarding liability exposure. Gas Industry Co does not consider such an amendment to be desirable. Gas Industry Co considers the 3 year limitation provides the appropriate balance between providing an incentive to ensure compliance with the rules and providing sufficient certainty on liability exposure for industry participants. This is particularly so with the Reconciliation rules where meter reading data must be kept by retailers for 30 months and the auditor is able to investigate events occurring up to 30 months earlier.

Gas Industry Co did not receive any other specific submissions on the proposal to amend the Compliance regulations.

At the Industry Workshop held in mid February 2008, participants indicated general acceptance of the application of the proposed Compliance regime to the Reconciliation rules.

5

Potential Risks

The key risks identified by Gas Industry Co with the proposal for the Compliance regulations to cover the Reconciliation rules are:

- Greater implementation costs for compliance than the range predicted resulting from less efficient processes than anticipated, and/or greater reported non-compliance with the Reconciliation rules than expected, and/or a greater number of breaches than anticipated which are determined to be 'material' and referred to an Investigator for investigation. Such additional compliance costs could erode some of the benefits for allocation participants (and, indirectly, potentially consumers) in introducing the Reconciliation rules; and
- The voluntary reporting of breaches by allocation participants may result in undetected non-compliance with the Reconciliation rules, which may ultimately erode confidence in the regime set out in the rules.

Gas Industry Co considers that these risks are not sufficiently material to detract from the overall benefit of the proposal because of the following:

- Gas Industry Co is confident that participants can comply with the Reconciliation rules, as they have been recommended after extensive industry involvement in their development.
- The risk associated with introducing a voluntary reporting regime is balanced by the mandatory obligation on the allocation agent and auditors to report breaches that they detect.

6

Gas Act Objectives

6.1 General objectives

The GPS sets out the Government's objectives and outcomes for governance of the New Zealand gas industry, and its expectations for industry action. Under section 43ZO of the Act, Gas Industry Co must have regard to those objectives and outcomes when making recommendations for gas governance rules or regulations.

The Government's overall policy objective for the gas industry, as stated in the Act and the GPS, is:

"To ensure that gas is delivered to existing and new customers in a safe, efficient, fair, reliable, and environmentally sustainable manner."

Section 43ZN of the Act sets out the other objectives which are:

- (i) the facilitation and promotion of the ongoing supply of gas to meet New Zealand's energy needs, by providing access to essential infrastructure and competitive market arrangements;
- (ii) barriers to competition in the gas industry are minimised to the long-term benefit of end-users;
- (iii) incentives for investment in gas processing facilities, transmission, distribution, energy efficiency and demand-side management are maintained or enhanced;
- (iv) delivered gas costs and prices are subject to sustained downward pressure;
- (v) risks relating to security of supply, including transport arrangements, are properly and efficiently managed by all parties;
- (vi) consistency with the Government's gas safety regime is maintained; and

Paragraph 5 of the GPS adds that, consistent with the overall objective and the other objectives in the Act, the Government is seeking certain other specific outcomes which include:

- (b) Energy and other resources are used efficiently;
- (e) The full costs of producing and transporting gas are signalled to consumers;
- (g) The quality of gas services and in particular trade-offs between quality and price, as far as possible, reflect customers' preferences;

- (e) The gas sector contributes to achieving the Government's climate change objectives by minimising gas losses and promoting demand-side management and energy efficiency."

Also, more specifically in relation to allocation and reconciliation, paragraph 9 of the 2004 GPS sets out the Government's expectation that Gas Industry Co will develop and submit to the Minister for approval proposed arrangements, including regulations and rules where appropriate, providing for effective industry arrangements in certain areas. In relation to reconciliation, Gas Industry Co is to develop and propose arrangements for:

- ...protocols and standards applying to wholesale gas trading, including quality standards, balancing and reconciliation.
- ...
- The establishment of consistent standards and protocols across distribution pipelines so that gas market participants can access distribution pipelines on reasonable terms and conditions.
- The establishment of gas flow measurement arrangements to enable effective control and management of gas."

The specific downstream reconciliation objective is even more clearly presented in the draft 2008 GPS, as follows:

Establish and maintain effective and efficient arrangements for the allocation and reconciliation of downstream gas quantities.

In the Statement of Proposal, the objective of the proposal was stated to be to recommend arrangements for "more efficient and accurate downstream allocation and reconciliation of gas quantities". Further, that such arrangements should:

- ensure the protocols and standards for reconciling and balancing downstream gas, and providing and disclosing of data and information, are efficient, fair, and reliable;
- standardise data exchange protocols across the industry and ensure the correct data are communicated to all affected parties in a timely manner;
- provide for consistent, transparent, and enforceable processes;
- facilitate retail competition and ensure barriers to competition are minimised;
- establish more transparency of the full costs of balancing and reconciling gas; and
- provide for more accurate identification and fairer allocation of the amount of UFG

Gas Industry Co concludes in the recommendation on the Reconciliation rules that establishing the downstream allocation and reconciliation arrangements in accordance with that recommendation is consistent with the regulatory objective (see section 8.1 of that recommendation).

6.2 Objectives for compliance and enforcement

Consideration of any compliance and enforcement arrangements to support the Reconciliation rules needs to fit within the Government's overall policy objective for the gas industry and the specific outcomes it is seeking for allocation and reconciliation of gas as outlined above.

The regulatory objective for the Compliance regulations was:

to provide a high degree of confidence that the proposed switching rules will be adhered to, and thereby contribute to the better achievement of the Government's policy objectives for the retail sector of the gas industry.

Gas Industry Co believes that the same regulatory objective should apply to any compliance and enforcement regime proposed in relation to the Reconciliation rules. Gas Industry Co considers that the proposed amendments to the Compliance regulations will meet this regulatory objective.

7

Other issues

7.1 Consultation with Ministry of Economic Development

Representatives of the MED have been briefed regularly by Gas Industry Co on the development of the proposed Reconciliation rules.

MED has been issued with all relevant documents in conjunction with the industry stakeholders identified in Appendix I.

7.2 Communications

In accordance with section 430 of the Act, Gas Industry Co intends publishing, within 10 working days after providing it to the Minister, this recommendation and the assessment completed under section 43N in both the Gazette and on the Company's website.

The notice of recommendation to be published in the Gazette is attached as Appendix II.

A draft of the notice to be published on Gas Industry Co's website is attached as Appendix III.

Gas Industry Co also intends to notify all stakeholders of the fact that this recommendation has been made and that it is viewable on its website.

8

Recommendation

Under section 43G(2)(l) and section 43S of the Gas Act 1992, Gas Industry Co recommends to the Minister of Energy the amendment of the proposed Gas (Compliance) Regulations as set out in Appendix IV of this recommendation.

Appendices

The following appendices are attached to this recommendation:

- Appendix I: List of stakeholders consulted
- Appendix II: Notice for Gazette
- Appendix III: Notice for website
- Appendix IV: Recommended amended Gas (Compliance) Regulations

Appendix I: List of stakeholders consulted

Age Concern
AGL
Arete Limited
Auckland Gas Company
Austral Pacific Energy
Bay of Plenty Electricity
Bell Gully
BRG
Bridge Petroleum
Carter Holt Harvey
Castalia
Clifford Chance Law Office
Commercial Chambers
Commerce Commission
Concept Consulting
Consumers Institute
Contact Energy Ltd
Craftware Computing Ltd
Degussa Peroxide Ltd
E-Gas
Electricity and Gas Complaints Commission
Electricity Commission
Energy Direct NZ
Energy Efficiency and Conservation Authority
Energy Link Ltd
Exerji
Fletcher Building Ltd
Four Winds Communication
Gas Association of New Zealand
Gas Net
Genesis Energy
Greymouth Gas NZ Ltd
Greymouth Petroleum
Greypower
Heinz Watties Ltd
HP Consulting & Integration
J H Vernon Consultancy
Kensington Swan
LECG
Loyalty NZ Ltd
LPG Association of New Zealand
Major Electricity Users Group
Marsh Limited
Maui Development Ltd
M-Co
Methanex New Zealand
Mighty River Power
Ministry of Civil Defence and Emergency
Management
Ministry of Consumer Affairs
Ministry of Economic Development
Ministry of Research, Science & Technology
Multigas (NZ) Ltd
National Council of Women
New Zealand Oil and Gas Ltd
New Zealand Refining Co Ltd
Neil Walbran Consulting Ltd
New Zealand Steel
NGC Metering Ltd
Norske Skog Tasman Ltd
Nova Gas Ltd
NZ Water and Wastes Association
NZX
O-I New Zealand Ltd
OMV New Zealand Ltd
On Gas Industrial & Commercial
Origin Energy NZ
Pan Pac Forest Products Ltd
Parliament
Parsons Brinkerhoff Associates
Penshaws Ltd
PEPANZ
Powerco Ltd
Pricewaterhouse Coopers
RBZ Energy Ltd
Russell McVeagh
Shell (Petroleum Mining) Ltd
Shell Todd Oil Services Ltd
Simpson Grierson
Stigley & Co
Strata Energy Consulting
Swift Energy Ltd
Tap Oil Ltd
Tatua Co-op Dairy
Tetenburg & Associates
The Australian Gas Light Company
Thorndon Chambers
Todd Energy Ltd
Transpower
Vector Ltd
Wanganui Gas Ltd
Westech Energy

Appendix II: Notice for Gazette

Notice of Making of a Recommendation and Assessment for an Amendment to Gas Governance Regulations

This notice of a recommendation and assessment of an amendment to gas governance regulations is issued by Gas Industry Company Limited ('Gas Industry Co') approved as the industry body by Order in Council under section 43ZL of the Gas Act 1992 (the 'Act').

Section 43O of the Act provides that, no later than 10 working days after making a recommendation for a gas governance regulation to the Minister of Energy, Gas Industry Co must publicise the recommendation and the assessment completed under section 43N of the Act.

Recommendation

On 12 March 2008 Gas Industry Co made a recommendation to the Minister of Energy under sections 43G(2)(k) and 43S of the Gas Act for approval of an amendment to the Gas (Compliance) Regulations to provide for compliance with, and enforcement of, the rules for the allocation and reconciliation of downstream gas quantities.

A copy of Gas Industry Co's recommendation, including the assessment, is available at no cost on Gas Industry Co's website: <http://www.gasindustry.co.nz>

Dated at Wellington this th day of March 2008.

For and on behalf of Gas Industry Co

Rt. Hon. James Bolger ONZ, Chair

Appendix III: Notice for website

Under section 43O of the Gas Act 1992, Gas Industry Co must, no later than 10 working days after making a recommendation to the Minister of Energy on gas governance arrangements, publicise that recommendation and the assessment completed under section 43N of the Act.

On 12 March 2008, Gas Industry Co made a recommendation for an amendment to Gas (Compliance) Regulations for the compliance with and enforcement of the rules relating to the allocation and reconciliation of downstream gas quantities. The text of this recommendation, including the assessment under section 43N of the Act, is available below:

Recommendation to the Minister of Energy on Amendment to Gas (Compliance) Regulations

Appendix IV: Recommended amended Gas (Compliance) Regulations
