

STATEMENT OF INTENT 2015-17.

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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 fulfil the requirements of sections 43ZQ to 43ZV of the Gas Act. It sets the intended scope and objectives of Gas Industry Co's operations for the financial years 2015-2017, and provides information about the Company and its operating environment. The work programme described in the 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 (GPS), as well as the wider strategic objectives of the Company.



Rt Hon James B. Bolger, ONZ
CHAIR



Robin Hill
DEPUTY CHAIR

JUNE 2014

1. FOREWORD.

When considering our strategies and accompanying work programmes for the planning period 2015-2017, Gas Industry Co has taken comprehensive stock of the current state and performance of the industry, its immediate issues, and longer-term prospects.

Central to our planning process is our statutory mandate under the Gas Act to develop and administer industry arrangements that ensure gas is delivered to consumers in a safe, efficient and reliable manner.

We also scan the wider industry landscape for developments and issues. While aspects of these are outside our jurisdiction, trends across the industry can influence the downstream activities that fall within our purview and therefore are integral to our overall strategic thinking.

Broader industry issues include turning upstream investment into domestic gas production and the industry's preparedness for any significant new discovery. In turn, these influence consumer confidence in future gas supply, and require efficient downstream access arrangements as well as competitive trading markets.

In addition to the valuable input from stakeholders during our consultation processes, this planning round has been helped by a range of recently-completed assessments and reviews. Our own *New Zealand Gas Story*, which incorporates an industry performance analysis, and reports we have commissioned on future gas supply/demand scenarios and the competitive positioning of gas in the energy supply market, have provided industry stakeholders with a comprehensive picture of the industry today and the trends that are shaping its future.

Overall, the gas industry in New Zealand is in good health and well advanced in meeting consumer needs and Government policy objectives for the sector. Current gas reserves compare appropriately with international benchmarks and the industry is investing heavily in finding and developing new indigenous supply sources for a New Zealand market isolated from international natural gas trading.

The domestic market itself continues to evolve. Annual market demand is returning to more than 200 petajoules (PJ) for the first time in over a decade. Usage patterns are changing with substantially higher demand for methanol production offsetting a reduction in gas use for thermal electricity generation as that sector moves increasingly away from gas baseload generation to gas-fired 'peaker' plants.

Gas markets have further matured with the emergence of wholesale trading mechanisms in late 2013. As with all markets, these will need some time to develop.

Some relief of transmission capacity congestion on the North Pipeline indicates that existing gas infrastructure may serve the industry's immediate-term needs, but is likely to require further priority attention in the event of a step-change arising from a new discovery, a downstream consumer development requiring new infrastructure, or a significant increase in general economic activity over the medium-to-long term.

We have confidence that the industry has identified its key infrastructure and market efficiency issues, and that these are being addressed with appropriate urgency and vigour.

The nature of our workstreams is also changing. While we remain alert for any future issues, we are well advanced with the goals set by the Government Policy Statement on Gas Governance 2008. For example, we have brought our work on gas processing facility access to a satisfactory conclusion and it is no longer a feature of the work programme. In this case, our recommendation that no permanent regulations are necessary was accepted by the Minister. Others, such as our review of the CCM Regulations, changes to the Compliance Regulations, and insolvent retailer arrangements will be largely in place prior to the 2015-2017 planning period.

Some issues – among them the long-standing pursuit of a robust transmission balancing regime – persist and their ongoing monitoring and development remains an important objective in the coming period.

The year ended 30 June 2015 (FY2015) – the first of the three years covered by this Statement of Intent – can be characterised as a 'consolidation' year, in that it represents a solid core of work to deliver on our statutory mandate, but with no major new activity introduced. This in turn reflects our focus on delivering value for money, achieved through:

- » establishing clear priorities in association with industry stakeholders through an extensive consultation process.
- » providing high quality services that are modern, responsive and professional.
- » reducing waste through streamlined and effective internal practices that balance the need for cost efficiencies against the delivery of our responsibilities as the industry body.

In addition to meeting the requirements of our statutory role and the objectives of the GPS, we continue to pursue our over-arching strategy to *optimise the contribution of gas to New Zealand*. In this, we will continue to look at ways of adding further to the industry's information pool and leading the discussions that will assist stakeholders with their energy investment decisions.



Rt Hon James B. Bolger, ONZ
CHAIR

JUNE 2014



Steve Bielby
CHIEF EXECUTIVE

WORK PROGRAMME PRIORITIES FY2015

Gas Industry Co's work programme for FY2015 has two distinct streams:

STATUTORY ACCOUNTABILITY

Administering and meeting our responsibilities under various existing rules and regulations.

- » Gas (Switching Arrangements) Rules 2008 (Switching Rules)
- » Gas (Downstream Reconciliation) Rules 2008 (Reconciliation Rules)
- » Gas Governance (Critical Contingency Management) Regulations 2008 (CCM Regulations)
- » Gas Governance (Compliance) Regulations 2008 (Compliance Regulations)

Specific tasks defined by the Gas Act and GPS, including:

- » benchmarking small consumer retail contracts
- » comparing gas distribution agreements against a set of best-practice principles
- » reviewing existing governance arrangements to ensure they remain fit for purpose and recommending changes where improvements can be made efficiently

COMMITTED AND/OR ONGOING PROJECTS

Progressing multi-year projects to which Gas Industry Co has previously committed and which are supported by stakeholders or have been requested by the Minister. They include:

- » the second phase review of the Reconciliation Rules to consider improved allocation methodologies
- » continuing to examine options for addressing transmission capacity allocation and pricing

2. OPERATING ENVIRONMENT.

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

2.1 INDUSTRY CONTEXT

Natural gas makes a substantial contribution to New Zealand's economy and quality of life. It is a vital input for some of the country's largest industries, including dairy, steel, forestry and petrochemicals; and it provides heating and cooking energy to approximately 265,000 commercial, community and residential consumers. Through thermal power plants, it has an important role in supporting electricity supply security.

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

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

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

2.2 LEGISLATIVE AND POLICY FRAMEWORK

Since 2004, the gas industry downstream of the exploration and production sector has been governed by a unique co-regulatory model. As the industry body established under the Gas Act, Gas Industry Co facilitates the nexus between Government and industry to deliver improved governance arrangements for participants and consumers in gas markets.

Gas Industry Co's regulatory oversight encompasses the natural gas wholesale and retail markets, processing facilities, and the transmission and distribution sectors of the industry (see Figure 1, Gas Industry Structure). It generally does not include the upstream exploration and production sector, where the Ministry of Business, Innovation and Employment (MBIE) has regulatory and policy oversight through the Crown Minerals Act. Gas Industry Co's jurisdiction also covers aspects of the LPG market. We continue to monitor those, but there are no gas governance arrangements in place in relation to LPG and at this time we do not see a need for a dedicated LPG workstream.

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

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

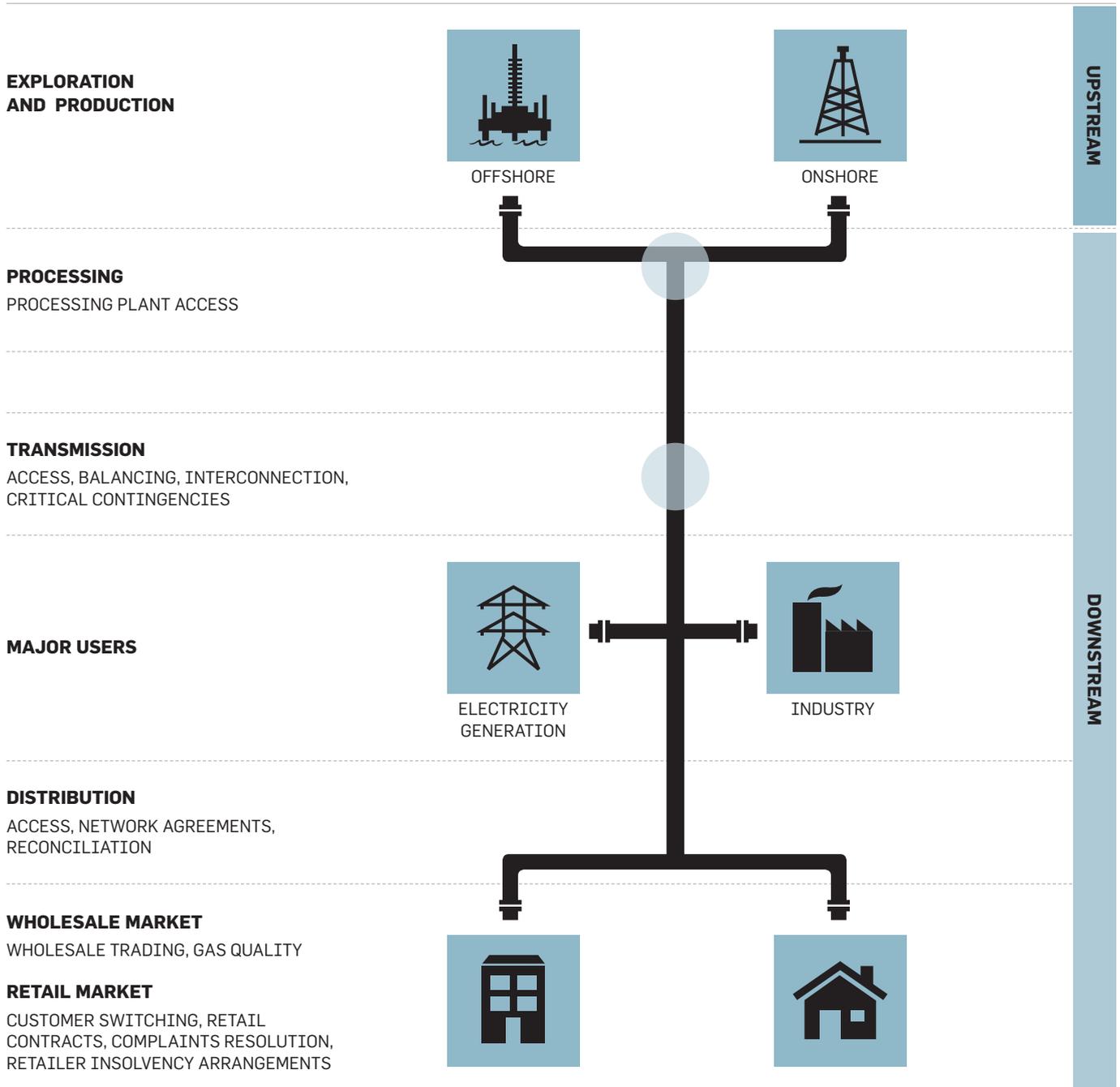
Other key objectives specified by the Gas Act for the industry body are:

- » the facilitation and promotion of the ongoing supply of gas to meet New Zealand's energy needs, by providing access to essential infrastructure and competitive market arrangements
- » barriers to competition are minimised
- » incentives for investment in gas processing facilities, transmission, and distribution are maintained or enhanced
- » delivered gas costs and prices are subject to sustained downward pressure

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

FIGURE 1

GAS INDUSTRY STRUCTURE



One aspect of the principal statutory objective is that formal gas governance arrangements must ensure that 'gas is delivered to existing and new customers in a *safe*².... manner'. Gas Industry Co does not have jurisdiction to create safety requirements, but it does ensure that gas governance arrangements are 'consistent with the Government's gas safety regime'. It does this by, where appropriate, scrutinising potential safety implications of all proposed gas governance arrangements. The Government's gas safety regime is principally administered by a Crown entity, WorkSafe New Zealand, and incorporates safety of gas appliances, standards for gas pipelines, and the occupational licensing system for gasfitters³.

The Minister has statutory powers to make rules, or to recommend regulations, in respect of a wide range of gas governance matters. Under the co-regulatory model, the industry body advises the Minister on the exercise of many

of these powers and must follow prescribed procedures before making a recommendation. The procedures include requirements for consultation with industry participants and other stakeholders, and an obligation to assess the costs and benefits associated with any recommendation. When developing advice on governance arrangements, Gas Industry Co must consider all reasonably practicable options, including non-regulatory options that achieve the same outcome.

Gas Industry Co monitors the effectiveness of governance arrangements already in place through a set of industry performance measures, including consumer switching rates, transmission balancing volumes, downstream gas allocation and reconciliation volumes, and market share measures, which are published on its website.

THROUGH A RANGE OF REGULATED AND NON-REGULATED MECHANISMS, THE GAS INDUSTRY HAS ADDRESSED MANY OF THE OBJECTIVES SET OUT IN THE GPS.

Contractual arrangements between gas retailers and small consumers adequately protect the long-term interests of small consumers.	Retail Gas Contracts Oversight Scheme
Effective and efficient customer switching arrangements that minimise barriers to customer switching.	Gas (Switching Arrangements) Rules 2008
Accurate, efficient and timely arrangements for the allocation and reconciliation of downstream gas quantities.	Gas (Downstream Reconciliation) Rules 2008
Gas industry participants and new entrants are able to access transmission pipelines on reasonable terms and conditions.	Active workstreams: » Gas Transmission Investment Programme » Balancing » Interconnection
Gas industry participants and new entrants are able to access third party gas processing facilities on reasonable terms and conditions.	Gas (Processing Facilities Information Disclosure) Rules 2008. No issues identified and these Rules lapsed in June 2014
Efficient arrangements for the short-term trading of gas.	Industry-led wholesale market platforms established in 2013
All small consumers have effective access to a complaints resolution scheme.	Electricity and Gas Complaints Commissioner scheme established 2010

See table on Page 15 for more detail on how Gas Industry Co's workstreams are achieving Government policy objectives.

² Emphasis added.

³ A more detailed description of the gas safety regime and Gas Industry Co's relationships with these other agencies can be found in Gas Industry Co's comprehensive review of the industry: the *New Zealand Gas Story*

2.3 GAS INDUSTRY CO STRATEGIC DIRECTION

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

STRATEGIC GOAL: OPTIMISE THE CONTRIBUTION OF GAS TO NEW ZEALAND

Natural gas has made a key contribution to New Zealand since the development of the industry from the 1970s. There is an important future role for gas, particularly in providing a competitive energy option for consumers, underpinning electricity supply security, and supporting the New Zealand economy, all consistent with environmental sustainability goals. In its energy policies, the Government looks to how New Zealand can make the most of its gas resources, for the benefit of all New Zealanders. With ongoing upstream investment in the search for, and development of, new gas resources, and a consequent range of possible future supply and demand scenarios, the challenge for the industry and Gas Industry Co is to ensure industry readiness for future major discoveries.

PURPOSE: PROVIDE LEADERSHIP FOR THE GAS INDUSTRY AND THE NEW ZEALAND GAS STORY

The gas industry comprises a range of participants, from upstream explorers and producers, through transporters, traders and consumers. It is founded on competitive and efficient markets and depends on continuing investment at all stages. Gas Industry Co, as the industry body, is well-positioned to understand and analyse issues facing the gas industry from all of these viewpoints and to facilitate the success of the next phase of the *New Zealand Gas Story*.

OBJECTIVES:

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

2.4 GAS INDUSTRY CO GOVERNANCE

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

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

3. WORK PROGRAMME.

This section outlines the intended scope of Gas Industry Co's operations for the financial years, ended 30 June, 2015 to 2017 inclusive.

The work programme has been developed having regard to the Gas Act and GPS objectives and outcomes set for the gas industry, as well as the need to meet statutory accountabilities under existing governance arrangements and reporting requirements under the Gas Act and Companies Act.

The multi-year scope of the Statement of Intent recognises that policy development requires comprehensive consultation and that the results of consultation provide the opportunity for continuous improvements in policy thinking. Any governance arrangements arising from a workstream may take the form of regulations, or a non-regulatory, market-based solution.

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

3.1 STRATEGIC GOAL: BUILD EFFICIENT, COMPETITIVE, AND CONFIDENT GAS MARKETS

GAS QUALITY	ACTIVITY FY2014	FORECAST ACTIVITIES FY2015-17
<p>This workstream was developed in response to industry and large end-user concerns about the responsibility and liability for gas quality in New Zealand. Some participants believe responsibilities are unclear, or not well aligned with liabilities.</p>	<p>Facilitate industry-led solutions, in particular an Information Exchange Protocol (IEP) proposed by gas retailers.</p> <p>Consider further work that may be required to ensure gas quality arrangements allow for the safe, efficient, and reliable delivery of gas.</p>	<p>Continue to facilitate industry-led solutions for gas quality.</p> <p>Monitor/assess progress to identify any measures that may be needed beyond the IEP.</p>
RULE CHANGES	ACTIVITY FY2014	FORECAST ACTIVITIES FY2015-17
<p>Gas Industry Co periodically reviews existing governance arrangements, and recommends changes, where improvements are identified, to ensure they continue to be fit for purpose.</p>	<p>Changes to the CCM Regulations promulgated and transition arrangements made.</p> <p>Changes to the Compliance Regulations promulgated and implemented.</p> <p>Consultations commenced on phase 2 changes to the Reconciliation Rules relating to initial allocation options.</p> <p>Commencement of a review/consultation process for proposed amendments to the Switching Rules to allow for extra metering fields. Scope change implementation via a Gas Registry development project.</p> <p>Ongoing monitoring of existing gas governance arrangements.</p>	<p>Complete processing of first batch of designation applications under the amended CCM Regulations.</p> <p>Develop a preferred final allocation option from the phase 2 review of the Reconciliation Rules, make a recommendation to the Minister and implement as appropriate.</p> <p>Complete consultation on proposed changes to the Switching Rules, make a recommendation to the Minister and implement changes as appropriate.</p> <p>Continue to monitor existing governance arrangements for their ongoing effectiveness, identify any improvements and recommend/ implement changes as appropriate.</p>

RETAILER INSOLVENCY	ACTIVITY FY2014	FORECAST ACTIVITIES FY2015-17
<p>Following a request from the Minister, this workstream was formed to consider the market issues created when a gas retailer becomes insolvent and to determine whether permanent regulations are required to manage any future instances of insolvency. Significant interest was expressed in this area through submissions to the retrospective consultation on the regulations made under urgency in 2010.</p>	<p>Following a comprehensive inquiry, Gas Industry Co recommended to the Minister that permanent backstop regulation for gas retailer insolvency is not necessary and that Gas Industry Co, with industry participants, develops drafting instructions for backstop regulations that, if required, can be tailored, recommended to the Minister and made under urgency. The Minister agreed with this approach.</p> <p>Develop high level governance framework for consultation.</p> <p>Via an industry participant working group, develop specific, high-quality drafting instructions for backstop regulations.</p>	<p>Address any remaining issues.</p> <p>Provide a final report to the Minister.</p>
DISTRIBUTION CONTRACTS OVERSIGHT SCHEME	ACTIVITY FY2014	FORECAST ACTIVITIES FY2015-17
<p>The Minister endorsed Gas Industry Co's recommendation that gas distributors' contracts with gas retailers be assessed against a common set of distribution principles. The assessment measures progress made by distributors in reflecting the distribution principles in their arrangements with retailers. In FY2013, Gas Industry Co developed and implemented a methodology for the contract assessments. The first assessment was conducted in February 2013 and noted that distributors had not completed development of new arrangements at the time.</p>	<p>Undertake the second assessment of distribution contracts.</p> <p>Report to the Minister by May 2014.</p>	<p>Undertake any follow-up actions from the FY2014 assessment, or from the Minister's response to the Second Assessment report.</p>
RETAIL CONTRACTS OVERSIGHT SCHEME	ACTIVITY FY2014	FORECAST ACTIVITIES FY2015-17
<p>In 2010, Gas Industry Co established a series of benchmarks consistent with satisfactory customer expectations and outcomes.</p>	<p>Retail Contracts Scheme review completed and advice provided to the Minister as to a proposed revised structure.</p> <p>Statement of Proposal setting out changes issued for consultation.</p>	<p>Implement and monitor the revised Retail Scheme.</p> <p>Oversee contract assessments as required under the revised Retail Scheme.</p>

3.2 STRATEGIC GOAL: FACILITATE EFFICIENT USE OF AND TIMELY INVESTMENT IN GAS INFRASTRUCTURE

GAS TRANSMISSION INVESTMENT PROGRAMME (GTIP)

The GTIP arose from industry concerns over the long-term outlook for gas transmission capacity availability in the Auckland region. The GTIP encompasses a number of interlinked projects relating to the efficient use of and timely investment in infrastructure.

TRANSMISSION ACCESS AND PRICING	ACTIVITY FY2014	FORECAST ACTIVITIES FY2015-17
<p>The transmission access and pricing project aims to ensure that transmission pipeline access arrangements transparently provide for the efficient utilisation of the open access transmission pipelines. It has been advanced with assistance and advice from a Panel of Expert Advisers (PEA) The issues are complex, technical, and require detailed design.</p>	<p>Second Advice Report from the PEA recommends existing transmission codes should evolve and converge so as to improve productive, allocative and dynamic efficiency, and that Gas Industry Co should be ready to regulate in the event that the necessary code changes do not eventuate in a timely way.</p> <p>Gas Industry Co agrees the project should progress in line with the PEA's recommendation.</p> <p>Framework established by industry participants to co-ordinate the industry's response to the PEA's recommendations on code changes.</p> <p>Gas Industry Co continues stakeholder consultation, including the issue of an Options Paper for stakeholder feedback in the first step in its development of a counterfactual regulatory solution.</p>	<p>Detailed design of preferred option(s).</p> <p>Preparation of a Statement of Proposal (if required).</p>
SUPPLY/DEMAND MODEL		
<p>As part of the GTIP work, Gas Industry Co commissioned the first dedicated study on gas supply and demand. The model and accompanying report were completed in FY2013 and well received by stakeholders. Gas Industry Co intends to update the model and report annually.</p>	<p>Updated supply/demand model and report published.</p>	<p>Review and update supply/demand model and report.</p>
BRIDGE COMMITMENTS		
<p>The Bridge Commitments are a package of seven measures that Vector and gas shippers have agreed to undertake to address the short-term issues large end-users on the constrained transmission North Pipeline are facing.</p>	<p>Monitor gas supply tenders by large users.</p> <p>Monitor transmission capacity trading activity.</p> <p>Operate the transmission capacity trading bulletin board, the Gas Transmission Exchange (GTX).</p>	<p>Evaluate relevancy and value of continued monitoring and operation of the GTX.</p>

TRANSMISSION PIPELINE BALANCING	ACTIVITY FY2014	FORECAST ACTIVITIES FY2015-17
<p>Transmission pipeline balancing has been a challenge due to the different operating arrangements on the Vector and Maui pipelines, and the absence of a unified industry approach to balancing. The industry requested the chance to solve the balancing issues without the need for regulatory intervention and has been working on finding solutions since 2009. Changes to the Maui Pipeline Operating Code (MPOC) to improve balancing processes, which were endorsed by Gas Industry Co but deferred to enable consequential changes to the Vector Transmission Code (VTC), were not implemented by the intended date of 30 June 2013.</p>	<p>MPOC changes expected to be implemented.</p> <p>Monitor industry-led balancing improvement initiatives.</p>	<p>Monitor balancing activities.</p> <p>Assess balancing to identify any areas of concern or additional need for improvement.</p>
INTERCONNECTION	ACTIVITY FY2014	FORECAST ACTIVITIES FY2015-17
<p>Gas Industry Co has an established set of guidelines that set out expectations with regard to transmission system owners' policies and procedures for connecting to their pipelines. As agreed with the Minister, Gas Industry Co assesses new transmission interconnection processes against these guidelines as they occur, with a view to determining whether interconnection policies present undue barriers to entry.</p>	<p>New interconnections reviewed and advice provided to the Minister.</p>	<p>Consider any need for improved governance arrangements in the light of the outcome of reviewed interconnections.</p>
CODE CHANGES AND APPEALS	ACTIVITY FY2014	FORECAST ACTIVITIES FY2015-17
<p>Under memoranda of understanding with MDL and Vector, Gas Industry Co processes MPOC change requests and VTC change request appeals.</p>	<p>Processed MPOC change requests and VTC appeals.</p>	<p>Process MPOC change request and VTC appeals as required.</p>

3.3 STRATEGIC GOAL: DELIVER EFFECTIVELY ON GAS INDUSTRY CO'S ACCOUNTABILITIES AS THE GAS INDUSTRY BODY

DOWNSTREAM RECONCILIATION	ACTIVITY FY2014	FORECAST ACTIVITIES FY2015-17
<p>The Reconciliation Rules establish uniform processes that enable the fair, efficient, and reliable allocation and reconciliation of downstream gas quantities. Under the Reconciliation Rules, Gas Industry Co has an ongoing obligation to oversee the operation of the Allocation Agent and other Rule provisions. Gas Industry Co also monitors allocation results to identify, at an early stage, any issues so that they may be addressed in a timely fashion. This work complements that of a number of industry participants who also undertake monitoring and, from time to time, identify issues to Gas Industry Co or the Allocation Agent.</p> <p>The Reconciliation Rules have been instrumental in reducing the level of unaccounted-for gas (UFG) (at the final allocation stage) and providing an ongoing stream of cost savings in excess of \$2.5 million per annum.</p>	<p>A review of the Reconciliation Rules is discussed in 'Rule Changes' in 3.1 above.</p> <p>Monitor Allocation Agent.</p> <p>Monitor allocation results.</p> <p>Commission performance and event audits as required.</p> <p>Make determinations under the Reconciliation Rules as required.</p>	<p>Monitor Allocation Agent.</p> <p>Monitor allocation results.</p> <p>Commission performance and event audits as required.</p> <p>Make determinations under the Reconciliation Rules as required.</p>
SWITCHING	ACTIVITY FY2014	FORECAST ACTIVITIES FY2015-17
<p>The Switching Rules enable consumers to choose, and alternate, efficiently and satisfactorily between competing retailers. The Switching Rules provide for a centralised database, the Gas Registry that stores key parameters about every customer installation and facilitates and monitors each switch from initiation through to completion.</p>	<p>The commencement of a review of the Switching Rules is noted in 'Rule Changes' in 3.1 above.</p> <p>Monitor Gas Registry Operator.</p> <p>Monitor switching statistics.</p> <p>Make determinations under the Switching Rules as required.</p>	<p>Monitor Gas Registry Operator.</p> <p>Monitor switching statistics.</p> <p>Make determinations under the Switching Rules as required.</p>
CRITICAL CONTINGENCY MANAGEMENT	ACTIVITY FY2014	FORECAST ACTIVITIES FY2015-17
<p>The purpose of the 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'. These regulations provide for the appointment of a Critical Contingency Operator (CCO,) and that role is responsible for determining, managing, and terminating critical contingencies, as well as associated activities such as training and running exercises.</p>	<p>Changes to the CCM Regulations are noted in 'Rule Changes' in 3.1 above.</p> <p>Monitor the CCO under the Service Provider Agreement.</p> <p>Appoint/monitor experts and auditors as required.</p> <p>Monitor exercises and events as required.</p> <p>Administer the contingency pool as required.</p> <p>Process applications for designations for critical care, essential services, critical processing, and electricity supply as required.</p>	<p>Monitor the CCO under the Service Provider Agreement.</p> <p>Appoint/monitor experts and auditors as required.</p> <p>Monitor exercises and events as required.</p> <p>Administer the contingency pool as required.</p> <p>Process applications for designations for critical care, essential services, critical processing, and electricity supply as required.</p>

COMPLIANCE	ACTIVITY FY2014	FORECAST ACTIVITIES FY2015-17
<p>The Compliance Regulations are an overarching set of regulations that provide for monitoring and enforcement of the other gas governance rules and regulations. The compliance arrangements are designed as a low-cost means of settling rules breaches that raise material issues. Where parties are unable to settle breaches, the matter is heard by a one-person Rulings Panel. The Rulings Panel can issue fines, make orders for compensation, and make orders directing compliance and/or suspending or terminating participants.</p>	<p>Changes to the Compliance Regulations are noted in 'Rule Changes' in 3.1 above).</p> <p>Perform the Market Administrator role.</p> <p>Assist the Independent Investigator and Rulings Panel as required.</p> <p>Monitor compliance trends for indications of regulatory inefficiency.</p>	<p>Perform the Market Administrator role.</p> <p>Assist the Independent Investigator and Rulings Panel as required.</p> <p>Monitor compliance trends for indications of regulatory inefficiency.</p>
STATEMENT OF INTENT, ANNUAL REPORT AND OTHER REPORTING	ACTIVITY FY2014	FORECAST ACTIVITIES FY2015-17
<p>The Gas Act requires the industry body to provide its Annual Report to the Minister within three months of the end of the financial year (the Minister then tables it in the House of Representatives). The Statement of Intent is required to be submitted to the Minister for comment prior to being finalised and published. As evidenced by this paper, both documents are developed in close consultation with industry participants and other stakeholders. Gas Industry Co also publishes Quarterly Reports to the Minister, as well as reports on industry performance measures, including gas consumer switching, UFG and compliance.</p>	<p>Statement of Intent, Annual Report and Quarterly Reports published in accordance with Gas Act requirements.</p>	<p>Prepare/publish Statement of Intent to meet statutory timeframes. Provide to the Minister for comment prior to publication.</p> <p>Prepare/publish Annual Report to meet statutory timeframes. Provide to the Minister for tabling in Parliament.</p> <p>Prepare/publish Quarterly Reports to the Minister.</p> <p>Continue to publish reports on industry performance measures.</p>

3.4 STRATEGIC GOAL: BUILD AND COMMUNICATE THE NEW ZEALAND GAS STORY

NEW ZEALAND GAS STORY	ACTIVITY FY2014	FORECAST ACTIVITIES FY2015-17
<p>Gas Industry Co is required by the Gas Act to report on the present state and performance of the gas industry. As reflected in the Company's corporate strategy, an objective for Gas Industry Co is that it takes a leadership role in building and communicating the wider New Zealand gas story through analysis and debate.</p> <p>In 2013, Gas Industry Co published the first edition of the <i>New Zealand Gas Story</i>, which doubled as the first substantive review of the industry's state and performance since 2006. Gas Industry Co intends to update the <i>New Zealand Gas Story</i> at least annually to ensure the information is current and topical. Gas Industry Co also communicates the New Zealand gas story through such other channels as its website, its Annual and Quarterly Reports, and presentations by the Chief Executive to various stakeholder groups.</p>	<p>Issued the first annual update of the <i>New Zealand Gas Story</i>.</p> <p>Ongoing initiatives, including stakeholder seminars, to communicate and develop the New Zealand gas story.</p>	<p>Produce second full update of the <i>New Zealand Gas Story</i>.</p> <p>Ongoing initiatives, including stakeholder seminars, to communicate and develop the New Zealand gas story.</p>

4. OTHER INFORMATION.

GAS INDUSTRY CO FUNDING

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

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

LEVY FUNDING

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

MARKET FEES

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

ANNUAL FEES

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

ADDITIONAL REPORTING

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

SERVICE PROVIDERS

The following entities and individuals provide specified services to Gas Industry Co:

GOVERNANCE ARRANGEMENT	ROLE	SERVICE PROVIDER
Switching Rules	Registry Operator	Jade Software Corporation
Reconciliation Rules	Allocation Agent	Energy Market Services (EMS)
CCM Regulations	Critical Contingency Operator	Core Group
Compliance Regulations	Rulings Panel	Hon Sir John Hansen KNZM (retired High Court Judge)
	Independent Investigator	Jason McHerron, Barrister
Retail Gas Contracts Scheme	Independent Assessor	Elwood Law
Distribution Contracts Scheme	Independent Assessor	Elwood Law

The following table sets out the different elements of the work programme discussed in this Statement of Intent, and the particular Government policy objectives – as set out in the Gas Act and GPS - to which the outcomes of these activities relate (s43ZQ(2) (c) of the Gas Act).

GAS INDUSTRY CO WORKSTREAM	GOVERNMENT POLICY OBJECTIVE ADDRESSED	GOVERNMENT POLICY OBJECTIVES	
Gas Quality	1, 6, 7, 10	1	Gas is delivered in a safe, efficient, fair, reliable, and environmentally sustainable manner
Rule Changes	1, 3, 8, 15	2	Access to key infrastructure on reasonable terms and conditions Consistent standards/ protocols for distribution pipeline access
Distribution Contracts Scheme	1, 2, 3, 8, 10, 11, 15	3	Efficient, competitive market arrangements Barriers to competition are minimised
Retail Contracts Oversight Scheme	1, 9, 10, 11	4	Incentives for investment are maintained or enhanced
Gas Transmission Investment Programme	1, 2, 3, 4, 6, 8, 9, 10, 16	5	Delivered gas costs and prices are subject to sustained downward pressure
Transmission Pipeline Balancing	1, 2, 5, 8, 12, 15	6	Risks relating to security of supply are managed
Transmission Interconnection	1, 2, 3, 6, 7, 8	7	Consistency with Gas safety regime
Transmission Code Changes and Appeals	1, 2, 3, 8	8	Energy and other resources are used efficiently
Downstream Reconciliation	1, 5, 8, 10, 11, 15, 16	9	Full costs of producing and transporting gas are signalled to consumers
Consumer Switching	1, 3, 5, 10, 11, 15, 16	10	Consumer benefits/ long term interests of consumers protected
Critical Contingency Management	1, 6, 7, 8, 13	11	Efficient retail market – including switching and downstream reconciliation arrangements
Compliance	1, 14, 15, 16	12	Efficient wholesale market, including short-term trading arrangements; upstream reconciliation
New Zealand Gas Story	16	13	Sound arrangements exist for the management of gas critical contingencies
		14	Appropriate compliance and dispute resolution processes
		15	Gas governance arrangements monitored for ongoing relevance/ effectiveness
		16	Good information is publicly available on the performance and present state of the gas sector

EXPENSES

This table sets out the estimated direct costs for each workstream and corporate expenses for the year ended 30 June 2015. Some workstream costs are divided between the Wholesale and Retail Categories.

WORKSTREAM	\$
RETAIL	
Downstream Reconciliation	550,000
Switching & Registry	300,000
Compliance & Enforcement	72,000
Retail Issues	
» Retail Contracts	7,500
» Distribution Contracts	7,500
Rule Changes	150,000
» Downstream Regulations Review	
» Switching Regulations Review	
» Compliance Regulations Review	
Strategic Initiatives – Retail	30,000
Bridge Commitments	10,000
» Bulletin Board	
Statutory Accountability	12,000
New Zealand Gas Story	22,500
TOTAL RETAIL	1,161,500
WHOLESALE	
GTIP	350,000
» Supply/Demand	
» Transmission Access & Pricing	
» Regulatory Projects	
Infrastructure Access	40,000
» Gas Quality	
» Pipeline Balancing	
» Pipeline Interconnection	
» Industry Facilitation Roles	
Compliance & Enforcement	18,000
Critical Contingency Management	500,000
Strategic Initiatives – Wholesale	30,000
Statutory Accountability	12,000
New Zealand Gas Story	22,500
TOTAL WHOLESALE	972,500
OTHER EXPENSES	
Board	262,460
Corporate Consultancy	149,000
Salaries	2,113,075
Overheads	732,284
Depreciation on industry assets	136,219
TOTAL OTHER EXPENSES	3,393,038
TOTAL EXPENSES	5,527,038

5. FINANCIAL STATEMENTS.

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

These statements have been prepared using information consistent with that used for the calculation of the FY2015 Gas Industry Co levy. Further detail about the assumptions, revenue calculations and workstream expenses used to calculate the FY2015 levy can be found in the Statement of Proposal on *FY2015 Strategy, Work Programme & Levy*, issued on 11 December 2013 (available on Gas Industry Co's website, www.gasindustry.co.nz).

The FY2014 forecast was approved by circulated resolution of Gas Industry Co's Board of Directors in March 2014 and includes actual results for the period July 2013 to February 2014, and an up-to-date forecast for the period March to June 2014.

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

We certify that the information contained in this report is, except where noted, consistent with the budget estimates contained in Gas Industry Co's FY2015 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 2014



Robin Hill

DEPUTY CHAIR

FORECAST STATEMENT OF FINANCIAL PERFORMANCE

	BUDGET FY2015	FORECAST FY2014	ACTUAL FY2013
	\$	\$	\$
REVENUE			
Wholesale Levy	2,478,514	2,860,721	2,938,005
Retail Levy	1,472,305	1,559,004	1,627,328
LEVY REVENUE SUBTOTAL	3,950,819	4,419,725	4,565,333
Market Fees	1,440,000	1,381,773	1,564,721
Annual Fees	55,000	55,000	55,000
Refunded Levies	(819,190)	(509,253)	(287,998)
Interest Income	35,000	38,250	34,857
OTHER REVENUE SUBTOTAL	710,810	965,770	1,366,580
TOTAL REVENUE	4,661,629	5,385,495	5,931,913
EXPENSES			
Depreciation & Amortisation	172,231	416,919	414,603
Operating lease expenses	270,000	269,184	312,875
Fees paid to audit firm – financial statement audit	14,500	14,543	13,850
Fees paid to audit firm – other services	–	–	–
Accounting and taxation advice	–	–	–
Directors' fees	262,460	262,460	264,260
General expenses	332,200	374,726	308,105
Recruitment expenses	25,000	17,833	28,264
Technical, economic, and legal advice	843,000	688,027	1,107,611
Service provider fees*	1,440,000	1,282,151	1,331,022
Kiwisaver contributions	50,466	51,741	40,450
Foreign exchange loss	–	(382)	4,112
Employee benefit expense	2,113,075	2,088,919	2,085,382
TOTAL EXPENSES	5,522,932	5,466,121	5,910,534
Finance Costs	4,106	3,452	3,258
TOTAL EXPENDITURE	5,527,038	5,469,573	5,913,792
PROFIT / (LOSS) BEFORE TAX	(865,409)	(84,078)	18,121
Income Tax Expense	9,800	10,710	9,760
PROFIT / (LOSS) FOR THE YEAR	(875,209)	(94,788)	8,361

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

FORECAST STATEMENT OF MOVEMENT IN EQUITY

	INDUSTRY RESERVES	RETAINED EARNINGS	TOTAL	INDUSTRY RESERVES	RETAINED EARNINGS	TOTAL
	\$	\$	\$	\$	\$	\$
	BUDGET FY2015			FORECAST FY2014		
OPENING BALANCE	955,419	540,000	1,495,419	1,105,207	485,000	1,590,207
Net surplus/(deficit) for the year		(875,209)	(875,209)		(94,788)	(94,788)
Industry Advances Reserves transfers	(793,979)	793,979	–	214,076	(214,076)	–
Industry Asset Amortisation Reserves transfers	(136,230)	136,230	–	(363,804)	363,804	–
FORECAST CLOSING BALANCE	25,210	595,000	620,210	955,419	540,000	1,495,419

FORECAST STATEMENT OF FINANCIAL POSITION

	BUDGET FY2015	FORECAST FY2014	ACTUAL FY2013
	\$	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	883,836	1,772,314	1,871,640
Trade and other receivables	85,081	80,843	20,309
Prepayments	54,185	50,685	40,287
Income tax receivable	9,800	10,710	–
TOTAL CURRENT ASSETS	1,032,902	1,914,552	1,932,236
NON-CURRENT ASSETS			
Property, plant & equipment	180,782	105,865	123,152
Intangible assets	11,358	149,034	521,838
TOTAL NON-CURRENT ASSETS	192,140	254,899	644,990
TOTAL ASSETS	1,225,042	2,169,451	2,577,226
CURRENT LIABILITIES			
Trade and other payables	364,448	391,025	703,602
Asset restoration provision	39,007	34,902	31,228
Employee entitlements	201,366	248,094	252,178
Redeemable shares	11	11	11
TOTAL CURRENT LIABILITIES	614,832	674,032	987,019
TOTAL LIABILITIES	614,832	674,032	987,019
NET ASSETS	620,210	1,495,419	1,590,207
<i>Represented by</i>			
Industry reserves	25,210	955,419	1,105,207
Retained earnings	595,000	540,000	485,000
TOTAL SHAREHOLDERS' FUNDS	620,210	1,495,419	1,590,207

FORECAST STATEMENT OF CASH FLOWS

	BUDGET FY2015	FORECAST FY2014	ACTUAL FY2013
	\$	\$	\$
Cash flows from operating activities			
CASH WAS PROVIDED FROM			
Levy revenue	3,950,819	4,400,669	4,611,814
Market fee revenue	1,440,000	1,226,013	1,411,051
Annual fees	55,000	55,000	55,000
Interest received	35,000	38,250	34,856
SUBTOTAL	5,480,819	5,719,932	5,659,380
CASH WAS APPLIED TO			
Payments to suppliers	(3,008,606)	(2,846,007)	(3,051,261)
Payments to employees	(2,164,041)	(2,174,392)	(2,120,739)
Payments to directors	(262,460)	(262,460)	(264,260)
Refund of levy to industry participants	(819,190)	(509,253)	(287,998)
Taxes paid	–	(7,574)	(9,760)
Net GST	–	(9,642)	2,636
SUBTOTAL	(6,254,297)	(5,809,328)	(5,731,382)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(773,478)	(89,396)	381,339
Cash flows from investing activities			
CASH WAS APPLIED TO			
Purchase of property, plant and equipment	(115,000)	(8,727)	(4,119)
Purchase of intangible assets	–	(1,203)	(1,203)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(115,000)	(9,930)	(5,322)
NET CASH FLOWS	(888,478)	(99,326)	376,017
Opening cash balance	1,772,314	1,871,640	1,495,623
CLOSING CASH BALANCE	883,836	1,772,314	1,871,640

STATEMENT OF CONTINGENT LIABILITIES AND COMMITMENTS

Gas Industry Co has no known contingent liabilities or assets.

Gas Industry Co's lease commitment in relation to its premises commenced on 1 December 2008 and expires on 30 November 2017 at an annual rental of approximately \$268,776.

Other operating lease commitments are for office equipment.

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

	BUDGET FY2015	FORECAST FY2014
	\$	\$
OPERATING LEASE COMMITMENTS		
Within one year	268,776	268,776
Later than one year but not later than five years	380,766	649,542
Later than five years	–	–
TOTAL OPERATING LEASE COMMITMENTS	649,542	918,318
EQUIPMENT LEASE COMMITMENTS		
Within one year	–	10,330
Later than one year but not later than five years	–	–
Later than five years	–	–
TOTAL EQUIPMENT LEASE COMMITMENTS	–	10,330
SERVICE PROVIDER COMMITMENTS		
Within one year	1,108,083	1,195,229
Later than one year but not later than five years	2,213,748	3,321,831
Later than five years	–	–
TOTAL SERVICE PROVIDER COMMITMENTS	3,321,831	4,517,061

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:

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

STATEMENT OF CASH FLOWS

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

STATEMENT OF SIGNIFICANT UNDERLYING ASSUMPTIONS

The following assumptions have been made in the development of the forecast financial statements. These assumptions were adopted by circulated resolution of the Board of Directors in March 2014:

- » These forecast financial statements comply with New Zealand generally accepted accounting practice. The measurement base applied is historical cost.
- » Accrual accounting has been used to prepare these financial statements.
- » These statements have been prepared on a going-concern basis.
- » The forecast financial statements have been presented for the purpose of providing financial information that underlies the work programme as set out in the 2015-2017 Statement of Intent. This financial information may not be appropriate for other purposes.

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- » It is not intended that these financial forecasts will be re-issued.
 - » Actual financial results achieved for the period covered are likely to vary from the information presented and the variations may be material.
 - » There is limited ability to alter Gas Industry Co's revenue other than through the annual levy review process.
 - » Section 43S of the Gas Act enables Gas Industry Co to collect from industry participants fees relating to the implementation of gas market rules and regulations.
 - » An annual levy of \$3,950,819 is assumed to be effective from 1 July 2014 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 \$2,478,514 for FY2015 and will be collected on a monthly basis from the relevant levy payers based on each industry participant's proportionate share of purchased gas volumes.
 - » The retail levy revenue is budgeted to be \$1,472,305 for FY2015, based on an estimate of 265,000 ICPs at a levy rate of \$5.48/ICP per annum. Information from the Switching Registry has independently confirmed that there are approximately 323,000 ICPs. Of these, approximately 264,500 have the status of Active Contracted, indicating a customer at the ICP has a contract with the retailer. The retail levy is payable on these ICPs. Gas Industry Co therefore assumes an ICP count of 265,000 for the purposes of the levy calculation. If the actual number of ICPs substantially differs from the estimate, there may be a material difference in the retail levy revenue.
 - » The FY2015 levy calculation is based on a work programme consistent with the Government Policy Statement on Gas Governance (GPS) released in April 2008. If, during the plan period, the current GPS is amended, there may be an impact on our operating costs, resulting in the possible over- or under-recovery of levy revenue in FY2015. Any variances that do occur will be either refunded to levy payers at the end of the financial year or managed through adjustments to future levy rates, as specified under section 43ZZC(3) of the Gas Act.
 - » Gas Industry Co's Constitution allows for the Board to set an annual fee for shareholders for the financial year. The FY2015 Budget assumes the annual fee paid by each shareholder will remain at \$5,000 per annum payable by 11 Gas Industry Co shareholders.
 - » The forecast equity for the year ended 30 June 2015 is approximately \$620,210. Of this, \$25,210 is classified as Industry Advances Reserve and will be either returned to levy payers after the end of the financial year or retained for application to work programmes in the subsequent year(s), as per Board policy. The remainder, \$595,000, is set aside to be held as cash reserves.
 - » Gas Industry Co's budget is based on a best estimate of the costs to deliver the work programme prepared for calculation of the FY2015 levy. Budgets are set significantly in advance of consultation on proposed new policy initiatives. Accordingly, actual expenditure may vary from budgeted expenditure as policy design is revised to reflect changes that may be required as a result of submissions received and further analysis. This also applies to the administration of gas governance rules and regulations (funded through market fees).

6. DIRECTORY.

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BOARD OF DIRECTORS

Rt Hon James (Jim) Bolger, ONZ
CHAIR, INDEPENDENT DIRECTOR

Robin Hill, B Comm FCA
DEPUTY CHAIR, INDEPENDENT DIRECTOR

Keith Davis, PGDipBus
INDEPENDENT DIRECTOR

Andrew Brown, LLB
INDEPENDENT DIRECTOR

Nigel Barbour, B Comm LLB

Dennis Barnes, BSC (Hons) MBA PGDipMktg

Andrew Knight, BMS (Hons) CA

EXECUTIVE

Steve Bielby, LLB (Hons) LLM (London)
CHIEF EXECUTIVE

Ian Dempster, BE (Hons) M Comm (Hons)
GENERAL MANAGER OPERATIONS

Glenda MacBain, DipOrgPsych, DipBusMgmt
CORPORATE SERVICES MANAGER

AUDITORS

KPMG, Wellington

BANKERS

Westpac Banking Corporation Limited

SHAREHOLDERS

Contact Energy Limited

Genesis Energy Limited

Greymouth Gas Limited

Methanex New Zealand Limited

Mighty River Power Limited

New Zealand Oil & Gas Limited

Nova Energy Limited

OMV New Zealand Limited

Powerco Limited

Shell (Petroleum Mining) Limited

Vector Limited

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