

# QUARTERLY REPORT

Quarter ended June 2020

Kia ora koutou,

Welcome to our June 2020 Quarterly Report.

Gas Industry Company reports to the Minister of Energy and Resources quarterly on the progress it has made towards meeting objectives and outcomes set for the gas industry by the Government and industry.

We record our appreciation to the Minister of Energy and Resources for her support in the levy process which led to the finalisation of our levy and work programme for the year ahead. The Gas (Levy of Industry Participants) Regulations 2020 came into force on 1 July 2020, the same date as the publication of our FY2021 – 2023 Statement of Intent. Gas Industry Company thanks all stakeholders who participated in the consultation process.

The FY2021 Statement of Intent, the 2020 Levy Regulations and supporting documents can be found [here](#).

Gas Industry Company continues to work with the Ministry of Business Innovation and Employment, and industry in relation to specific COVID-related activities, as required. We want to especially thank our industry participants for their engagement and diligence in supporting the Gas Industry Company in our role as Sector Coordinating Entity on COVID-related matters.

## CRITICAL CONTINGENCY:

### [Statement of Proposal for amending Critical Contingency Management Regulations](#)

On 22 May 2020, Gas Industry Company invited stakeholder submissions on its consultation paper 'Statement of Proposal for amending the Critical Contingency Management Regulations'. The purpose of the Gas Governance (Critical Contingency Management) Regulations 2008 (CCM Regulations) is to achieve the effective management of critical gas outages and other security of supply contingencies without compromising long-term security of supply.

The CCM Regulations underwent extensive review and were amended after the October 2011 Maui pipeline outage. Since then, the industry has experienced further events and exercises which have identified aspects of the CCM Regulations that could be further improved. Other external elements have also led to the need to review the CCM Regulations, including potential amendments to the penalty provisions in the Gas Act 1991 and the anticipated implementation of the Gas Transmission Access Code.

A statement of proposal is the first step in amending the CCM Regulations. Following the receipt of submissions, Gas Industry Company will prepare a summary of submissions and will then determine whether we have enough information to proceed to the next step of preparing a recommendation to the Minister. The Consultation Paper can be found [here](#).

## Annual critical contingency exercise

The Critical Contingency Operator (CCO) annual test exercise to test First Gas's Critical Contingency Management Plan (CCMP) under the CCM Regulations was held in May.

Under the CCM Regulations, the CCO is required to instigate exercises annually to test the CCMP, contact details held by the Transmission System Operator (TSO), and contact details held by retailers. Exercise Hohoro occurred during COVID-19 Level 3 restrictions which meant most participants responded to the exercise from their homes.

Exercise Hohoro provided an opportunity for parties to practice their response to a critical contingency event in a safe environment and subsequently enhance their knowledge and competency for dealing with an actual event. The exercise tested the core critical contingency phases and information flows associated with an event, such as declaration, demand curtailment and CCO public information statements. It also provided an opportunity for asset owners other than the TSO to consider the requirements to communicate information about failed assets.

A post exercise report prepared by the CCO was provided to Gas Industry Company on 3 June 2020. The report assessed the effectiveness of the exercise and highlighted areas where it felt there was room for improvement. The recommendations made did not raise major concerns.

Information on Exercise Hohoro, and the CCO's post exercise report is available on the CCO's website [here](#).

## INFORMATION DISCLOSURE:

### Progress on Gas Industry Company's Information Disclosure workstream

The current phase of our information disclosure workstream involves the assessment of possible information problems in the wholesale gas sector.

In May 2020, Gas Industry Company released its Analysis of Submissions and Next Steps paper in response to the October 2019 consultation paper: Information Disclosure: Problem Assessment (Problem Assessment Paper). The Problem Assessment Paper identified several possible information areas or 'information elements' where Gas Industry Company considered there could be information transparency or asymmetry issues. The paper assessed these information elements against the Government's policy objectives for the sector as identified in the Gas Act (1992) and the Government Policy Statement on Gas Governance 2008. In December 2019 we received nineteen submissions on the paper.

Our work is continuing on the three main issues identified in the Problem Assessment Paper. We are developing a Statement of Proposal (SOP) for gas production and storage facility outage information disclosure. The SOP will review both industry-led and regulatory options for improving the level of this information. One of these options is the industry code, 'Upstream Gas Outage Information Disclosure Code 2020', which came into effect in late June. Gas Industry Company is also conducting further work on the major gas user outage, and the bilateral gas contract average price information elements. These are two areas where there was a range of views expressed during the consultation phase.

The Electricity Authority (EA) has been continuing its work to progress its Wholesale Market Information Disclosure project and will consult with interested parties on its proposal to review the thermal fuel information disclosure regime in the electricity wholesale market in July.

The industry in the meantime has continued to post notifications on the Industry Notifications page provided on Gas Industry Company's website. During the quarter, over thirty notifications have been posted.

Information disclosure documents referred to above can be found [here](#).

The Industry Notifications page can be viewed [here](#).

### Upstream Gas Outage Information Disclosure Code

Upstream gas producers, gas storage owners and the Petroleum Exploration and Production Association of New Zealand (PEPANZ) have put in place a new information disclosure regime in respect of planned and unplanned outages of gas production and gas storage facilities. The Upstream Gas Outage Information Disclosure Code 2020 comprises a set of rules in relation to public disclosure of information about both planned and unplanned gas outages.

Further information about the Code can be found [here](#).

Further information about Gas Industry Company's information disclosure workstream can be found [here](#).

### Gas industry information portal

Gas Industry Company has been expanding its information portal on its website. Earlier this year, we made available gas production and consumption charts showing gas output from most major fields, and the consumption of gas by several large users. These charts are updated three times a week and can be found [here](#). Information relating to some of the production down-turns in the charts can be found on our Industry Notifications page.

To add to that suite of information, in the quarter we expanded our information portal to include information on gas storage. The data for this information is sourced from First Gas and shows the stock injections, withdrawals and closing balance for the [Ahuroa Gas Storage Facility](#).

The new gas storage information chart can be found on our website [here](#).

### QUARTERLY INDUSTRY PERFORMANCE MEASURES

Gas Industry Company has published its June 2020 Quarterly Industry Performance Measures report, which provides an update on the performance measures that Gas Industry Company regularly monitors.

Through those measures Gas Industry Company tracks the performance of the Gas (Switching Arrangements) Rules 2008, the Gas (Downstream Reconciliation) Rules 2008, and the Gas Governance (Critical Contingency management ) Regulations 2008, both in terms of activity related to these governance arrangements and the competitive outcomes that they foster. The report also tracks transmission pipeline balancing, distribution, and metering measures as a means of informing Gas Industry Company's work on these issues.

The full report is available [here](#).

## UPDATES FROM THE QUARTERLY INDUSTRY PERFORMANCE MEASURES REPORT INCLUDE:

- As a result of the COVID-19 Alert Level 4 lockdown, switches in April 2020 fell to the lowest level since the Switching Rules commenced in 2009. They recovered in the remainder of the quarter, after the lockdown lifted.
- There are 12 distinct retail brands, owned by 10 parent companies. During the quarter Scholarship NZ and EnergyClub NZ exited the gas market.
- In the past 12 months, there have been about 3,400 not withdrawn switches completed per month, which translates to an annual churn rate of about 14.2 percent.
- Over 75 percent of consumer switches are completed within three business days; 97 percent are completed within seven business days.
- Over 99.8 percent of gas customers are connected to a gate where seven or more retailers trade, suggesting that the gas retail sector is generally competitive throughout the North Island.
- Average annual unaccounted-for gas (UFG) over the past year stands at about 1.1 percent (compared with about two percent in 2009).
- Genesis is the largest retailer by customer share. Nova has the largest share of commercial and industrial customers.
- Monthly traded volumes on emsTradePoint reached a peak of 1,125 terajoules in February 2020.

Progress continues to be made in achieving the objectives and outcomes for Gas Industry Company and the industry as set out in Part 4A of the Gas Act, GPS and through the work programme included in the Statement of Intent. An updated summary of our work is found below.

Ngā mihi nui,

Andrew Knight  
Chief Executive

Workstream developments during the quarter are summarised in this Quarterly Report. Further details of the developments have generally been reported previously through Gas Industry Company's periodic News Bulletins and are available on our website [www.gasindustry.co.nz](http://www.gasindustry.co.nz).

# PROGRESS TOWARDS OBJECTIVES AND OUTCOMES

1 April – 30 June 2020

This section provides an update of progress towards objectives and outcomes for Gas Industry Company the gas industry body, as set out in the Gas Act 1992 and the April 2008 Government Policy Statement on Gas Governance, particularly as implemented through the Company's FY2020-2022 Statement of Intent.

## Strategic Objective 1: Promote efficient, competitive and confident gas markets

| Project                                     | Rationale   | Activity  | Status   |
|---|---|---|--|
| Retail Gas Contracts Oversight Scheme       | <ul style="list-style-type: none"> <li>Improve consumer outcomes by providing clarity around the respective roles and obligations of consumers and industry participants involved in the supply of gas to small consumers.</li> </ul>         | <ul style="list-style-type: none"> <li>Administer the Retail Gas Contracts Oversight Scheme.</li> <li>Conduct a full review of retail contracts every three years.</li> <li>Review retailers' contracts otherwise on an exceptions basis (ie new entrant retailers and changed contracts).</li> <li>Provide additional information to assist new entrant retailers to understand their obligations and governance processes.</li> </ul> | <ul style="list-style-type: none"> <li>Since the Retail Scheme's introduction in 2010, retailers' overall rating has increased from 'Moderate' to 'Substantial' alignment with the benchmarks.</li> <li>The full review conducted in November 2018 showed a similar level of alignment as the 2015 review, with all the terms assessed having substantial overall alignment with the benchmarks.</li> </ul>            |
| Gas Distribution Contracts Oversight Scheme | <ul style="list-style-type: none"> <li>Gas industry participants and new entrants are able to access distribution pipelines on reasonable terms and conditions.</li> <li>Ensure consistency in distribution services arrangements.</li> </ul> | <ul style="list-style-type: none"> <li>Monitor and report as required to the Minister on the status of distribution arrangements.</li> <li>Develop and publish distribution contract principles.</li> <li>Encourage publication of network services agreements.</li> </ul>  | <ul style="list-style-type: none"> <li>The second assessment of distribution contracts issued in May 2014 showed that overall alignment improved from 'Moderate' to 'Substantial'.</li> <li>Gas Industry Company recently surveyed distributors to determine whether changes had been made to standard terms to justify a further assessment of those terms (the Scheme provides for further assessments to</li> </ul> |

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|                               |   |  | <p>be undertaken as contracts are revised or replaced). Based on responses, Gas Industry Company determined that a further assessment is not required at this point in time. In FY2021 we will follow up with retailers' and distributors' on their progress on moving to individual agreements consistent with the standard terms.</p>   |
| <p>Information Disclosure</p> | <ul style="list-style-type: none"> <li>• In July 2018 the Minister of Energy and Resources requested that Gas Industry Company consider whether the existing arrangements for industry participants to disclose information that could potentially have an impact on the downstream gas market were adequate.</li> <li>• Gas Industry Company responded that a number of stakeholders shared the Minister's concern and that we would instigate a workstream to identify and address the issues.</li> </ul> | <ul style="list-style-type: none"> <li>• A workstream considering improvements to information disclosure in the gas sector was initiated in August 2018.</li> <li>• In February 2019, Gas Industry Company released Options Paper on Information Disclosure (Options paper) for consultation. This consultation paper discussed a number of issues relating to information in the gas sector.</li> <li>• The Information Disclosure: Problem Assessment paper (Problem Assessment Paper) was released for consultation in October, building on the feedback from the Options paper. This paper assessed whether there are information problems in ten separate information elements identified in the Options paper process. The paper represents the next step towards the development of a Statement of Proposal (SOP).</li> </ul> | <ul style="list-style-type: none"> <li>• Gas Industry Company has commenced development of a SOP for gas production and storage facility outage information disclosure.</li> <li>• We are conducting further work on two information elements where submitters expressed a range of opinions (gas contract average price and volume disclosure, and major gas user facility outage disclosure).</li> <li>• The Electricity Authority (EA) has commenced its wholesale market information disclosure project, which includes the disclosure of generators' thermal fuels positions. A consultation paper was released in July. Gas Industry Company is working closely with the EA on this project.</li> <li>• In parallel with Gas Industry Company's work, gas producers and Flex Gas have developed industry-led arrangements (Upstream Gas Outage Information Disclosure Code 2020) for the disclosure of production and storage facility outages. These parties are using the Industry</li> </ul> |

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|                             |  | <ul style="list-style-type: none"> <li>Nineteen submissions were received on 9 December. We asked for cross-submissions on three information elements and received 11 responses on 11 March. An analysis of submissions paper was released in mid-May.</li> </ul>   | <p>Notifications page on Gas Industry Company's website to post outage information under their disclosure code.</p> <ul style="list-style-type: none"> <li>Gas Industry Company will review gas producers' and Flex Gas's arrangements as part of the SOP process.</li> <li>We are currently updating the Industry Notifications page to accommodate changes requested by gas producers and Flex Gas to support disclosure under their code.</li> </ul> |
| Wholesale Market Monitoring | <ul style="list-style-type: none"> <li>emsTradepoint wholesale gas market (eTp) makes a significant contribution to the GPS outcome for 'efficient arrangements for the short-term trading of gas'.</li> </ul>                         | <ul style="list-style-type: none"> <li>Gas Industry Company continues to monitor activity and developments in the wholesale spot market.</li> </ul>   | <ul style="list-style-type: none"> <li>Gas Industry Company is continuing to support the Energy Trader Forum.</li> <li>Gas Industry Company regularly produces gas production and consumption charts showing gas output from most major gas fields, and the consumption by several major gas users. The information available on our website is produced three times a week and is being widely used by stakeholders and the industry.</li> </ul>       |
| Gas Quality                 | <ul style="list-style-type: none"> <li>Maintain an acceptable standard of gas quality.</li> <li>Ensure costs of gas quality incidents are met efficiently.</li> <li>Achieve improved transparency on gas quality incidents.</li> </ul> | <ul style="list-style-type: none"> <li>Ongoing review of industry arrangements for managing gas quality.</li> <li>Consider options for improving gas quality arrangements.</li> <li>Gas Quality Requirements and Procedures Document was issued in 2015 and will be reviewed and updated by Gas Industry Company as arrangements change.</li> </ul> | <ul style="list-style-type: none"> <li>In anticipation of the GTAC replacing the MPOC and VTC, we have updated the Gas Quality Requirements and Procedures document, including seeking and considering stakeholder comments on the updated document. The document provides an overview of the legal framework and technical standards that govern gas quality and describes how industry participants meet their obligations.</li> </ul>                |

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|              |  |   | <ul style="list-style-type: none"> <li>Discussions with First Gas have confirmed that they are interested in developing arrangements for dealing with non-specification gas events similar to the Australian Energy Market Operator (AEMO) gas quality guidelines. First Gas hopes to discuss this with stakeholders during the last quarter of 2020. In line with the conclusions of our previous reviews, we encourage this development and will maintain a watching brief.</li> </ul>  |
| Rule Changes | <ul style="list-style-type: none"> <li>Improved industry governance through regular review of existing arrangements and recommending changes where appropriate.</li> </ul> | <ul style="list-style-type: none"> <li>Maintain rule change registers.</li> <li>Review Switching, Reconciliation, and CCM rules/regulations once the new GTAC design is sufficiently advanced.</li> </ul> | <ul style="list-style-type: none"> <li>A pilot of day-after (D+1) gas allocation and daily balancing and peaking pool (BPP) information delivery is continuing successfully.</li> <li>The daily allocation working group (DAWG) met in mid-2019 to discuss changes required for GTAC and next steps for the pilot post GTAC go-live. Changes will be consulted on in a paper due to be released by end of 2020.</li> <li>Related to D+1 is the need to explore the viability of increasing the number of large customer sites that report consumption daily. This will also be explored in the D+1 consultation paper.</li> <li>In June 2020, Gas Industry Company released a Statement of Proposal on changes to the CCM Regulations. The proposals include changes to align with GTAC, revisiting the critical contingency price setting methodology, compliance</li> </ul> |



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|                 |  |   | and offence provisions, curtailment band definitions and several other changes. The consultation closed on 24 July 2020.   |
| Gas Measurement | <ul style="list-style-type: none"> <li>This workstream arose from industry stakeholder discussions at annual Co-regulatory Forums undertaken in the context of the GPS outcome of providing efficient market for metering services.</li> <li>In 2019, Genesis and Vector announced a smart meter rollout for Genesis customers which is anticipated to begin in mid-2020.</li> </ul> | <ul style="list-style-type: none"> <li>Develop a minimum voluntary standard for advanced metering.</li> <li>Investigate what changes are required to rules and systems to support the rollout of smart meters.</li> <li>Consider broader implications of smart metering (and data) to the retail market.</li> </ul> | <ul style="list-style-type: none"> <li>Gas Industry Company has established a technical advisory group to develop a minimum voluntary standard for advanced metering.</li> <li>The working group met in December to hear details of the Genesis/Vector roll out and to share initial views of what regulatory and system changes might be required.</li> <li>Gas Industry Company will continue discussions with the working group to address what, if any, changes need to be made to our rules or registry.</li> </ul> |

**Strategic Objective 2: Facilitate efficient use of, and investment in, gas infrastructure**

| Project                   | Rationale   | Activity   | Status  |
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| Transmission Access       | <ul style="list-style-type: none"> <li>Ensure transmission pipeline access arrangements transparently provide for the efficient utilisation of physical capacity and effectively signal any need for efficient investment in additional capacity.</li> </ul>  | <ul style="list-style-type: none"> <li>Address, using regulatory and/or non-regulatory options, any lessening of competition due to transmission constraints.</li> <li>Improve the quality and availability of pipeline security, and supply/demand information.</li> <li>Promote changes to transmission access arrangements.</li> <li>First Gas submitted a revised GTAC to Gas Industry Company on 31 October 2018 for assessment.</li> <li>Gas Industry Company's Final Assessment Paper of the 31 October 2018 GTAC concluded that the revised GTAC is materially better than the existing MPOC and VTC.</li> </ul> | <ul style="list-style-type: none"> <li>First Gas has informed stakeholders that it has suspended the GTAC implementation due to issues with the IT project and its role during the COVID-19 lockdown. The indicative commencement date for the GTAC is no earlier than October 2021.</li> </ul>   |
| Gas Supply/Demand Studies | <ul style="list-style-type: none"> <li>Gas Industry Company commissions an update of the Long-Term Gas Supply and Demand Scenarios report every two years to provide industry stakeholders with information that may be useful for making business decisions.</li> <li>We also develop shorter-term supply/demand studies that focus on particular issues.</li> </ul> | <ul style="list-style-type: none"> <li>Gas Industry Company commissioned Concept Consulting to produce the Long-Term Gas Supply and Demand Scenarios – 2019 report. This edition had a particular focus on gas supply issues and was published in September 2019.</li> <li>The report is published biennially.</li> </ul>  | <ul style="list-style-type: none"> <li>Gas Industry Company intends to publish the next update of the long-term gas supply and demand scenarios in 2021 (This report is published biennially)</li> <li>We also intend to develop a report that investigates the role the gas industry may have in enabling a renewables rich future and the options for the gas industry to support secure supply of electricity over the short-medium term (ie 2020 – 2030)</li> <li>We aim to release a draft paper for consultation in the latter part of 2020.</li> </ul> |

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| Transmission Pipeline Balancing       | <ul style="list-style-type: none"> <li>Improved industry arrangements. Gas industry participants and new entrants are able to access transmission pipelines under reasonable terms and conditions.</li> </ul> | <ul style="list-style-type: none"> <li>Assess balancing market developments.</li> </ul>  | <ul style="list-style-type: none"> <li>Balancing under the GTAC is expected to be more efficient than current arrangements. Mandatory daily cash-outs of Shipper imbalance positions will no longer occur. Instead, there are price incentives to encourage balancing, with cash-outs only occurring where the transmission owner takes a balancing action. Gas Industry Company will conduct a post-implementation review in due course.</li> </ul>  |
| Transmission Code Change Requests     | <ul style="list-style-type: none"> <li>Ensure ongoing relevance and efficiency of multilateral terms of access to transmission pipelines.</li> </ul>  | <ul style="list-style-type: none"> <li>Transmission Code Change Requests processed as required.</li> </ul>   | <ul style="list-style-type: none"> <li>No changes to the MPOC or VTC are expected while the GTAC is being implemented, unless extensions are required to the VTC to align with the go-live date.</li> <li>An omnibus GTAC change comprising a series of "tidy-ups" is being considered by First Gas and stakeholders.</li> <li>In anticipation of the GTAC coming into effect, Gas Industry Company developed and consulted on a paper entitled 'Gas Industry Company role in GTAC code changes'. The paper deals with how Gas Industry Company will perform its role in GTAC code changes and provides a useful description of how the overall code change process will work.</li> </ul> |
| Transmission Pipeline Interconnection | <ul style="list-style-type: none"> <li>Improved industry outcomes. Gas industry participants and new entrants are able to access transmission pipelines under reasonable terms and conditions.</li> </ul>     | <ul style="list-style-type: none"> <li>Review interconnections as required.</li> <li>Address any concerns regarding reasonable access.</li> <li>Amend Interconnection Guidelines if needed.</li> </ul> | <ul style="list-style-type: none"> <li>Interconnection Guidelines have been in place since 2009. Transmission System Owner policies are largely consistent with those guidelines.</li> </ul>  |

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|                                       |  |  | <ul style="list-style-type: none"> <li>• First Gas has modified its Interconnection arrangements to align with the GTAC.</li> <li>• Gas Industry Company will review how well the revised arrangements agree with the Guidelines prior to the GTAC coming into effect.</li> </ul>  |
| Transmission Security and Reliability | <ul style="list-style-type: none"> <li>• Gas Industry Company's 2015/16 review of transmission pipeline security and reliability found arrangements were generally appropriate but noted several opportunities for improvement under current arrangements (mainly development of first combined First Gas Transmission Asset Management Plan) and several areas where arrangements were evolving (Commerce Commission) price-quality regulations.</li> <li>• Security of supply concerns arising from a tighter upstream supply position has raised awareness of the potential impact of upstream infrastructure.</li> </ul> | <ul style="list-style-type: none"> <li>• Gas Industry Company will continue to review developments and work with stakeholders on further improvements.</li> <li>• The impact of changes in the upstream supply dynamic will be considered on an ongoing basis as part of the monitoring of wholesale market activity.</li> <li>• Gas Industry Company published an assessment of security and reliability issues in March 2017.</li> </ul> | <ul style="list-style-type: none"> <li>• First Gas has put into effect recommendations from Gas Industry Company's Security and Reliability (S&amp;R) reports.</li> <li>• Further two reviews by AECOM in September and October 2019, conducted on behalf of the Commerce Commission, give added confidence that First Gas is properly managing transmission pipelines risks. The AECOM reports and the S&amp;R reports are available on our website.</li> <li>• Gas Industry Company will continue to review and monitor developments.</li> </ul> |

**Strategic Objective 3: Deliver effectively on Gas Industry Company's accountabilities as the gas industry body**

| Project                   | Rationale  | Activity  | Status   |
|---------------------------|--|---|--|
| Downstream Reconciliation | <ul style="list-style-type: none"> <li>Oversight of the Gas (Downstream Reconciliation) Rules 2008.</li> <li>Improved industry arrangements and consumer outcomes through the objective of fairly allocating, and reducing, unaccounted-for-gas (UFG) and its associated costs.</li> </ul> | <ul style="list-style-type: none"> <li>Oversight of the Reconciliation Rules, including Allocation Agent Service Provider role.</li> <li>Energy Market Services performs the Allocation Agent service provider role.</li> </ul> | <ul style="list-style-type: none"> <li>An audit of the allocation agent was completed in late 2019. The draft report shows a high level of performance and compliance with regulatory and contractual requirements.</li> <li>The latest round of participant performance audits began at the end of 2019. The audit programme will cover all the allocation participants over the next couple of years.</li> <li>The audits currently underway have had their timeframes extended to accommodate for the auditors not being able to do their on-site inspections as a result of COVID-19.</li> <li>Annual UFG factors and unusual metering arrangements are reviewed for any significant differences.</li> </ul> |
| Switching and Registry    | <ul style="list-style-type: none"> <li>Oversight of the Gas (Switching Arrangements) Rules 2008.</li> <li>Efficient retail market and improved consumer outcomes by facilitating market contestability through customer switching between retailers.</li> </ul>                            | <ul style="list-style-type: none"> <li>Oversight of Switching Rules, including Registry Operator Service Provider role.</li> <li>Jade Software performs the Registry Operator service provider role.</li> </ul>                 | <ul style="list-style-type: none"> <li>Switching Rules operating well, with Jade performing Registry Operator Service Provider role.</li> <li>Gas Industry Company's monthly switching statistics report show switching levels remain stable.</li> <li>The latest round of participant performance audits began at the end of 2019. The audit programme will cover all the allocation participants over the next couple of years.</li> <li>The audits currently underway have had their timeframes extended to accommodate for the auditors not being able to do their on-site inspections as a result of COVID-19.</li> </ul>   |

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| Critical Contingency Management | <ul style="list-style-type: none"> <li>• Oversight of the Gas Governance (Critical Contingency Management) Regulations 2008.</li> <li>• Improved industry outcomes through increased market confidence in industry's ability to manage critical contingency events.</li> </ul> | <ul style="list-style-type: none"> <li>• Oversight of CCM Regulations including management of Critical Contingency Operator (CCO).</li> <li>• Core Group performs the CCO service provider role.</li> <li>• Review effectiveness of the Regulations following events and the annual exercises.</li> <li>• Operate critical contingency pool following an event.</li> </ul>   | <ul style="list-style-type: none"> <li>• CCO activities are reviewed each quarter.</li> <li>• Industry training sessions are being held in April, and the annual exercise will be undertaken in May.</li> <li>• Upcoming activities: First Gas is expected to submit a revised Critical Contingency Management Plan (to accommodate GTAC) for review and approval; consultation on proposed amendments to CCM Regulations.</li> <li>• An audit of the CCO was completed during June 2020. No instances of non-conformance were found but a number of improvement suggestions were made.</li> </ul> |
| Compliance                      | <ul style="list-style-type: none"> <li>• Oversight of the Gas Governance (Compliance) Regulations.</li> <li>• Improved industry operations through provision of a compliance and dispute resolution process for industry participants.</li> </ul>                              | <ul style="list-style-type: none"> <li>• Oversight of Compliance Regulations.</li> <li>• Appointment of Rulings Panel and Investigator, and management of associated processes.</li> </ul>   | <ul style="list-style-type: none"> <li>• Gas Industry Company continues to fulfil its role as Market Administrator under the Compliance Regulations.</li> <li>• Breach activity remains generally low; a positive indicator of industry compliance.</li> </ul>   |
| Statutory Accountability        | <ul style="list-style-type: none"> <li>• To ensure stakeholders understand the scope of the company's intended operations and its results to the cost thereof.</li> </ul>  | <ul style="list-style-type: none"> <li>• Prepare/publish a Statement of Intent that meets statutory requirements.</li> <li>• Prepare/publish Annual Reports that meet statutory requirements.</li> <li>• Prepare/publish Quarterly Reports to the Minister on 'state and current performance of the industry'.</li> <li>• 2021-2023 Statement of Intent has been published on Gas Industry Company's website.</li> </ul> | <ul style="list-style-type: none"> <li>• Quarterly Reports and News Bulletins are published regularly.</li> </ul>  |

### Strategic Objective 4: Build and communicate the New Zealand Gas Story

| Project                               | Rationale   | Activity   | Status  |
|---------------------------------------|---|--|---|
| State and Performance of the Industry | <ul style="list-style-type: none"> <li>• Facilitate nexus between industry and Government.</li> <li>• Maintain informed industry participants and other stakeholders.</li> </ul>  | <ul style="list-style-type: none"> <li>• Facilitate, influence and communicate with the industry and Government.</li> <li>• Liaise with other regulatory bodies, agencies and associations with responsibilities and interests encompassing the gas industry.</li> </ul> | <ul style="list-style-type: none"> <li>• Regular liaison with MBIE, Electricity Authority, and other relevant regulators. Liaising with Commerce Commission on gas transmission matters.</li> </ul>                         |
| Performance Measures                  | <ul style="list-style-type: none"> <li>• Improved industry and consumer outcomes through provision of public information on industry performance.</li> <li>• Monitor the effectiveness of governance arrangements.</li> </ul> | <ul style="list-style-type: none"> <li>• Determine and publish information on each gas governance arrangement that has been implemented.</li> </ul>  | <ul style="list-style-type: none"> <li>• The Quarterly Industry Performance Measures Reports are published on Gas Industry Company's website, with highlights included in the Quarterly Reports to the Minister.</li> </ul> |