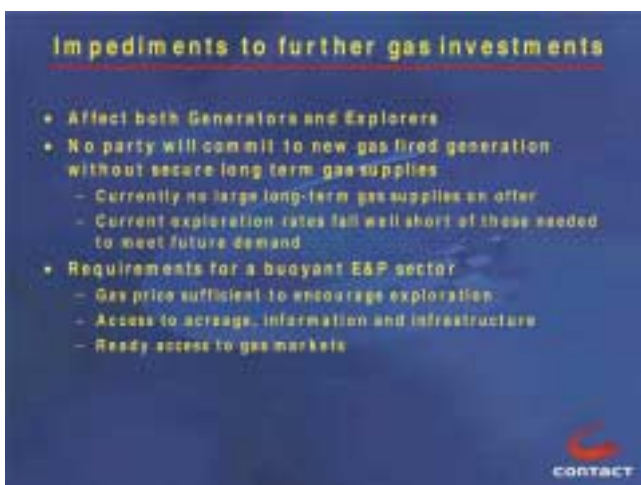
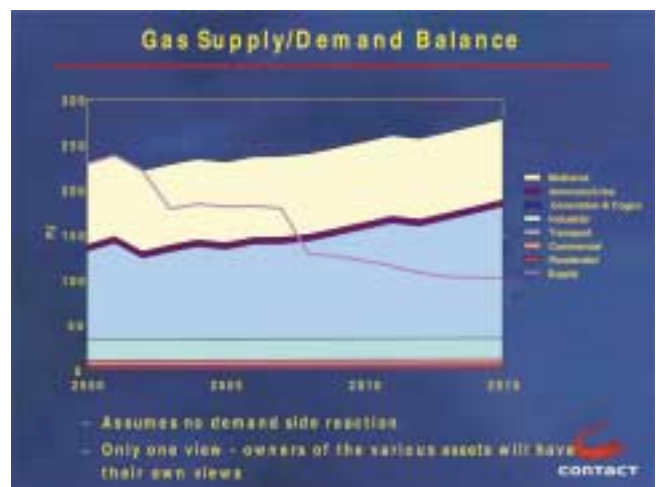
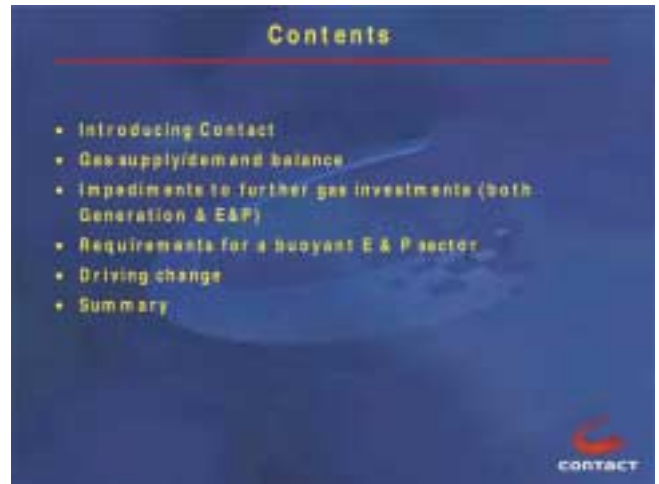
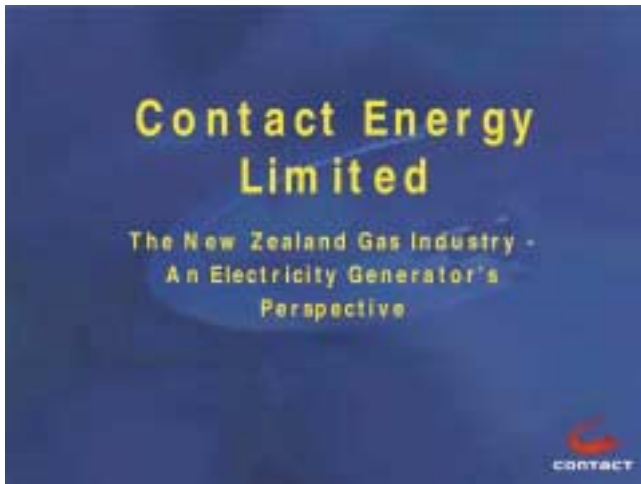


The New Zealand gas industry – an electricity generator's perspective

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Access to Acreage, Information and Infrastructure

- Improve the quality and disclosure of reserves and deliverability information
 - Minimum standards as to nature and detail
- Relinquishment of exploration licences if work programs or developments are not fulfilled within specified time periods
- Access to processing, liquids storage & transportation



Ready Access to Gas Markets

- No enduring gas balancing mechanism
 - Current system relies on Masl flexibility to balance offshore with supply
 - Need a mechanism to balance oversunders for a system with multiple suppliers
 - Propose the formation of a "real spot" market to determine scope of balancing system and flexibility
- Restricted access to pipeline systems
 - Masl pipeline must be open access
 - At very least future users need tariff certainty now
- Gas transmission system inflexibility
 - Addition of new supply points is ad hoc
 - Services giving flexibility such as line-pack are not offered
 - Need to develop compatible standards and protocols
 - e.g. Interconnection, reconciliation



Driving Change

- Voluntary industry bodies have made slow progress in the absence of an external timetable
 - Divergent drivers of the participants
- Need a robust industry-led but government supported body driving change and increased efficiency in the industry
- Contact supports the recent GANZ initiative to address some of these issues



Summary

- Challenge to the E&P sector to find and develop new gas resources to maintain generation market share
- Gas and consequently electricity prices increase - hopefully encouraging sufficient E&P investment
- Industry must become more efficient
 - Improve the quality and disclosure of reserves and deliverability information
 - Changes to gas delivery system to accommodate post Masl world
 - Help if Government set expectations
- Time is running out

