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[Submitted online]

Revised draft: Gas Transmission Access Code

emsTradepoint Limited welcomes the opportunity to provide feedback on the revised draft Gas Transmission Access Code (the Code), published 11 September 2017 and the subsequent Code workshop on 17 November 2017.

emsTradepoint is a commodity exchange designed to provide transparent pricing and transactional certainty to physical energy markets such as natural gas. Our aim is to develop the market as a sustainable and integral part of the natural gas supply chain through facilitating efficient trading of gas for today and forward delivery.

We support the process that First Gas Limited (FGL) and the Gas Industry Company (GIC) are following in developing the Code. Based on the level of feedback at the 17 November Code workshop it is likely that significant amendments will be required before final submission.

We acknowledge FGL's efforts to conclude the process according to the original schedule, however given the materiality of the Code on industry participants and the likely changes to the most recent revision, we support an additional round of consultation and feedback.

Revisions to the draft Code

We have followed the revisions to the draft Code to ensure alignment of Code objectives with emsTradepoint's gas spot market. Our basis for this submission is from our own consultation with current and prospective market participants.

We consider the stated objectives set out in Single Code Options Paper 2 (SCOP2) and emsTradepoint's market growth and development objectives can be achieved with the revised draft version of the Code and industry feedback from the 12 November Code workshop.

First Gas Limited's (FGL) clarification that all trades completed through emsTradepoint will take place in the Receipt Zone confirms that we can assist a relatively seamless transition to the new Code for our market participants. However, as outlined below, we consider some of the transition arrangements and elements the new Code require confirmation.

Park and Loan service – We consider the introduction of a Park and Loan service may have a detrimental effect on the liquidity of emsTradepoint's market. Further detail relating to price discovery is required before emsTradepoint can provide feedback. We support the decision to delay the consideration of Park and Loan until 2018 when emsTradepoint will be able to assist FGL to design a market-based mechanism to achieve the Park and Loan objectives.

Trading platform requirements – We note that some commercial-off-the-shelf gas transmission systems include a trading capability. The addition of an alternative market could be detrimental to SCOP2 objectives by potentially splitting liquidity and therefore reducing transparency. If such functionality is required we urge FGL to engage with emsTradepoint. We consider it is not

necessary for such functionality to be implemented in the replacement for the Open Access Transmission Information System.

Priority Rights Management – emsTradepoint supports the delay of Priority Rights Management implementation given the relative urgency and the unlikely event of pipeline constraints. emsTradepoint is in a strong position to offer a Priority Rights Management service to the industry based on the experience of our broader operational team at Energy Market Services as the Financial Transmission Rights Manager for the New Zealand electricity industry.

Detail for transition arrangements – The current transition arrangements are insufficient in detail. emsTradepoint offers monthly strip products 24 months into the future (through to November 2019 at the time of writing). We require certainty around transition arrangements to ensure that any gas traded through emsTradepoint that straddles the transition period is managed correctly.

If you would like to discuss any of the above points, please contact me by phone 04 590 7312 or email quintin.tahau@emstradepoint.co.nz.

Yours sincerely,



Quintin Tahau

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