

Nova submission

Information Disclosure: Problem Assessment

Submission prepared by Paul Baker, Commercial & Regulatory Manager

Question	Comment
Q1: <i>Do you have any comments on our approach to the analysis?</i>	Nova believes the approach taken is reasonable and fairly assesses the different perspectives on the issues raised in the Options paper.
Q2: <i>Have we identified all of the relevant information elements in this list?</i>	Yes.
Q3: <i>Do you agree with our assessment for gas production outage information? Have we missed aspects of the issue or are there parts that have not been described correctly? Please include details and any examples in your response.</i>	<p>Nova agrees that there is a sound case for making information available on significant gas production outages. So long as the guidelines on size of outages and level of detail are reasonable, then the costs of meeting expectations should not be excessive.</p> <p>Nova fully supports the protocol agreed upon and published by the gas producers and Flex Gas. The parties to the protocol have shown through their actions a greater awareness of the importance of good and timely information on outages to both gas users and interdependent sectors such as electricity.</p> <p>While the new protocol is voluntary, Nova expects the parties recognise the wider ramifications and likely regulatory response should affected parties find that they cannot rely on the information provided.</p> <p>In terms of materiality; 20TJ represents under 5% of New Zealand's daily average gas production. It is also approximately the amount of gas required to run a 100MW gas peaker for a day. 100MW represents approximately 1% of New Zealand's installed generation capacity, and less than the daily variability in output from wind generation.</p>
Q4: <i>Do you agree with our assessment for major gas user facility outage information? Have we missed aspects of the issue or are there parts that have not been described</i>	Nova is not in a position to quantify the costs to major gas users of providing facility outage information. From a producer and trader's perspective, Nova receives adequate information from its counterparties to manage its gas book. In the event of an unplanned

<p><i>correctly? Please include details and any examples in your response.</i></p>	<p>user outage resulting in a short term surplus in supply, the availability of that gas is usually reflected in the short term market for gas in any case.</p>
<p><i>Q5: Do you agree with our assessment for gas storage outage information? Have we missed aspects of the issue or are there parts that have not been described correctly? Please include details and any examples in your response.</i></p>	<p>Nova agrees that the capacity of Flex Gas to deliver gas is of relevance to the market. As per the voluntary outage protocol adopted by the producers and Flex Gas, for practical purposes there needs to be a level at which some outages are not considered significant.</p>
<p><i>Q6: Do you agree with our assessment for transmission pipeline outage information? Have we missed aspects of the issue or are there parts that have not been described correctly? Please include details and any examples in your response.</i></p>	<p>Agreed.</p>
<p><i>Q7: Do you agree with our assessment for contract price and volume information? Have we missed aspects of the issue or are there parts that have not been described correctly? Please include details and any examples in your response.</i></p>	<p>Agreed. Even if this data could be aggregated in a way that did not compromise the trading position of market participants, the risks of a breach of confidentiality and potential commercial costs of such a breach would be high.</p>
<p><i>Q8: Do you agree with our assessment for emsTradepoint price & volume information? Have we missed aspects of the issue or are there parts that have not been described correctly? Please include details and any examples in your response.</i></p>	<p>Agreed. emsTradepoint is best placed to consider the relative trade-offs between making data more widely available versus seeking payment from parties wishing to use the data for commercial purposes. This is consistent with other market exchanges such as NZX and ASX.</p>
<p><i>Q9: Do you agree with our assessment for gas storage facilities information? Have we missed aspects of the issue or are there parts that have not been described correctly? Please include details and any examples in your response.</i></p>	<p>Nova understands the desire parties have for disclosure of gas storage volumes but concurs with the GIC that such information could be interpreted as being gas available to meet demand in the electricity market. That may not be true, and the more relevant indicator for the electricity market is the disclosure by thermal generators of their fuel availability. Gas supplies can be sourced from a number of fields including storage, so assuming that gas in storage is not pre-committed may be misleading to market participants.</p> <p>Should the amount of gas in held in storage by each market participant be made public, then that would have commercial implications and could well become a disincentive on parties to use the storage.</p>

<p>Q10 : <i>Do you agree with our assessment for gas production forecast information? Have we missed aspects of the issue or are there parts that have not been described correctly? Please include details and any examples in your response.</i></p>	<p>Nova agrees with the GIC's assessment. The information prepared for MBIE is detailed and requires considerable input by producers to ensure that it is accurate and consistent with any assumptions made regarding the field's deliverability. Adding additional reporting obligations around expected production would not be a minor exercise, add significant cost, and likely be of limited additional value.</p>
<p>Q11 : <i>Do you agree with our assessment for thermal electricity generator gas position information? Have we missed aspects of the issue or are there parts that have not been described correctly? Please include details and any examples in your response.</i></p>	<p>Nova agrees that this issue best fits with the Electricity Authority's work programme.</p> <p>Nova also agrees with Genesis that determining fuel availability is not as simple as disclosure of gas supply agreements. Given the seasonal and daily variability of gas demand, it is not always easy for a joint gas trader and electricity generator to be definitive on what gas volumes they have available for electricity generation. Thermal fuel availability is affected by the generator's supply agreements, which may include short term wholesale agreements for managing surplus and deficit positions, alternative fuel sources, e.g. coal and storage, as well as its gas sales commitments.</p>
<p>Q12 : <i>Do you agree with our assessment for major users' forecast gas consumption information? Have we missed aspects of the issue or are there parts that have not been described correctly? Please include details and any examples in your response.</i></p>	<p>Nova agrees that the absence of public forecasts of gas consumption by major users does not have any particular impacts on its business from an efficiency perspective. Gas demand projections in the electricity sector are particularly problematic given that thermal generation volumes are largely driven by inflows to hydro storage and run-of-river hydro power stations.</p>