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Cross-Submission on Information Disclosure - Problem Assessment

Introduction

1. This is Vector Limited's (Vector) cross-submission on the Gas Industry Company's (Gas Industry Co) consultation document, *Information Disclosure Problem Assessment – Cross-Submission Issues*, published on 10 February 2020.
2. While Gas Industry Co is in the process of developing an information disclosure regime for the wholesale gas sector, we continue to support the ongoing voluntary disclosure of outages by gas producers using the Gas Industry Co website. We also continue to support the immediate implementation of the voluntary *Upstream Gas Outage Information Disclosure Code* developed by the Petroleum Exploration and Production Association of New Zealand on behalf of large upstream gas producers and storage owners.
3. We set out below our responses to the consultation questions.
4. No part of this submission is confidential. Vector's contact person for this cross-submission is:

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Responses to consultation questions

Q1: Contract price and volume information

Do you have any further points you would like to make on this information element?

5. We reiterate the view expressed in our submission, dated 9 December 2019, on Gas Industry Co's consultation paper, *Information Disclosure: Problem Assessment*, that contract price and volume information should not be included in a Statement of Proposal for the proposed information disclosure regime. This is due to the commercial sensitivity of this information and the limitations associated with anonymising information from relevant parties.

Q2: Forecasts of major users' gas consumption

Do you have any further points you would like to make on this information element?

6. We reiterate our view in our 9 December 2019 submission that major users' forecast gas consumption information should not be included in a Statement of Proposal due to the commercially sensitive nature of this information. However, we also reiterate that major

users should publish information on their planned and unplanned outages that are likely to have a material effect on gas prices.

Q3: Major gas user facility outages

Do you have any further points you would like to make on this information element?

7. We acknowledge the report prepared by Contract Strategies Ltd for Gas Industry Co, *The Impact of Methanex Plant Outages on the Gas Wholesale Market* (the Contract Strategies Report), dated 4 February 2020, which forms part of this cross-submission process.
8. The Contract Strategies report found that:
 - ...To date, a Methanex plant outage (planned or unplanned) **has not** resulted in:
 - a) a material amount of additional gas becoming available on the wholesale gas market;
 - b) a material change in the gas price on the wholesale gas trading market; or
 - c) a material impact on the efficient and effective operation of the emsTradepoint gas market.
 - [page 13]
9. The above report recommends that Gas Industry Co:
 - ...consider putting in place an information disclosure regime requiring a party (producer or gas user) intending to make a material volume of gas available on the emsTradepoint wholesale gas market to publicly disclose, prior to the gas being made available on the market (but with sufficient contingency provided for an emergency gas release), the expected daily and total volumes of gas to be released onto the market and the timing of each intended gas release.
 - [page 14]
10. We appreciate the information provided by the report on Methanex's plant outages and are reassured by it. However, we do not consider this to be a sufficient guarantee that future outcomes will not be any different without regulations that are 'future proofed' from outcomes that may have a material impact on the market.
11. Additionally, we are of the view that limiting disclosure requirements to instances where the gas user will be offering gas on emsTradepoint has limited effect as the excess gas may well sit with the supplier of the major user, or the major user may enter into arrangements outside of the emsTradepoint gas market. In both situations, market prices will be materially impacted and full information on the outage may not have been available to the parties to those transactions.
12. We believe that it is information on the occurrence of an outage itself – the physical event – that is of more interest to industry participants. It is knowledge that all industry participants, rather than a few, are aware of an outage that instils greater confidence in the market. All market participants can then make informed decisions and responses as the outage is being resolved until its resolution/conclusion. This is no different from other outages faced by all industry participants that could have a material impact on the market.
13. Having considered all of the above, we maintain our view that information on major gas user facility outages (planned or unplanned) that are likely to have a material effect on gas prices should be disclosed.

14. Should Gas Industry Co remain “unsure” whether to include information on major gas user facility outages in a Statement of Proposal following this cross-submission process, we suggest that Gas Industry Co proceed with the development of more urgent regulations covering gas production and storage planned and unplanned outages. The question on major gas user facility outages should not hold up the development of more urgent proposals that have the widespread support of stakeholders. Less urgent or less straightforward issues can be considered as part of a second stage of this work stream.

Concluding comment

15. We are happy to discuss any aspect of this cross-submission with Gas Industry Co.

Yours sincerely
For and on behalf of Vector Limited



Richard Sharp
Head of Pricing and Regulatory Compliance