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17 April 2019

Andrew Knight
Gas Industry Company
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Wellington 6143

By email: info@gasindustry.govt.nz

Dear Andrew

SUBMISSIONS ON OPTIONS FOR INFORMATION DISCLOSURE IN THE WHOLESALE ELECTRICITY SECTOR

1. This document constitutes the joint submissions of Todd Energy Limited as well as its related upstream companies ("**Todd Energy**") and Nova Energy Limited ("**Nova**"), together "**Todd**", for the *Options for Information Disclosure in the Wholesale Electricity Gas Sector* Consultation Paper ("**the paper**") issued by the Gas Company Limited ("**GIC**").
2. Todd Energy is a natural gas producer, is the 100% owner and operator of Kapuni, McKee and Mangahewa and holds 26% interest in Pohokura. Nova is a downstream energy company: it is a wholesaler and retailer of natural gas supply as well as an electricity generator and retailer. Both companies are wholly New Zealand-owned.

Problem definition

3. The paper provides several possible "problems", however the GIC does not settle on any overall problem statement. Todd submits that the problem statement is critical to inform the scope of an information disclosure regime. It is our interpretation that the Pohokura outage in 2018 has led to this workstream. This is evident from the introductory section of the paper which notes the letter from the Minister for Energy and Resources, asking the GIC to look at a disclosure regime. The Minister specifically noted the Pohokura pipeline outage. The concern from the demand-side also arose from the Pohokura outage situation, with issues over the timing of when different companies became aware of outage information. The TBD Advisory interim report on Gas Sector Governance of 22 March 2019 which was prepared for the Major Electricity Users Group states that "*Our engagement suggests information disclosure is the primary concern of stakeholders.*"

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There is strong and widespread dissatisfaction about the distribution and quality of information through the Pohokura outage. Stakeholders told us limited information significantly affected their planning and execution of their responses to the Pohokura outage. Considerable effort was diverted to finding information.” The perception was that some companies could make decisions based on a better understanding of the outage.

4. Todd supports promotion of a better functioning gas market by addressing any real or perceived asymmetry of outage information. We see this as the true problem”. However, it should be highlighted that outage information (even for planned outages) can be unreliable as further discussed in our submissions.

Information already disclosed by gas producers

5. While Todd acknowledges that the Pohokura event highlighted issues with the consistency, timeliness and frequency of communications, the paper’s assessment of information gaps does not appear to be relevant to solving the problem of information asymmetry, e.g. disclosure of permit and reserves information.
6. A large part of the “problem” is a lack of knowledge by non-gas industry companies on how to access information which is already disclosed by gas producers. The Electricity Authority noted in its Undesirable Trading Situation decision of 14 February 2019 *“There was information asymmetry in relation to gas supply from Pohokura, but the asymmetry was small”* and that *“During the investigation it became apparent that some participants were not aware of the full range of publicly available information relevant to gas supply.”*
7. The paper assumes there is a lack of data when this is not necessarily the case. In the schedule attached to our submissions, we have set out a list of data already disclosed by gas producers via various channels. Information provided to MBIE together with actual data from the Open Access Transmission Information System (OATIS) can be powerful in assessing market conditions if parties are prepared to inform themselves. Further, interested parties can subscribe to emsTradepoint in order to obtain pricing and volume information at what we consider to be a reasonable cost.

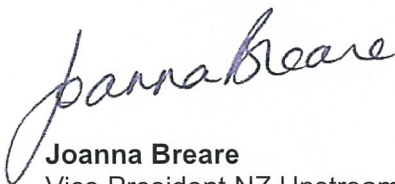
The Pohokura outage

8. The Pohokura outage last year was significant and unexpected, however better communication about the nature of the outage and the uncertain timing of supply restoration may have provided better opportunity for affected parties to mitigate the impact even though the physical supply position would not have improved. Any further information which could have been provided at the time would have been highly unreliable given the unplanned nature of the outage. This was particularly the case at the beginning of the outage where several options for remediation were being considered, each with very different timeframes.
9. While Todd is happy to participate in a process to improve information disclosure for planned and unplanned outages, the uncertainty of information disclosed on outage timeframes and volumes must be clearly understood. Any reliance on that type of information for making investment decisions is not advised.

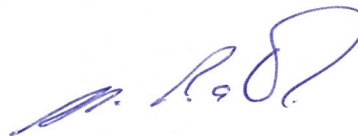
Todd's position

10. Todd agrees for the disclosure of planned and unplanned outages and agrees to work with the GIC and other producers towards an industry-led regime for more comprehensive disclosure of the same. Further:
 - a. With unplanned outage, Todd believes that this should come under the same protocols as planned outage except that further consideration is required around the timing and frequency of updates on expected resolution of the outage. Todd is happy to work through details of the protocols with the GIC after the submissions date.
 - b. Todd emphasises the need for one platform for disclosure of information. It should not be the responsibility of gas producers to resubmit information already available from OATIS/GTAC onto the platform selected.
11. Todd considers that:
 - a. other information identified in the paper (reserves, permit information, forecast production information, volumes and prices) are already disclosed by gas producers (see attached schedule). We are therefore opposed to further disclosures in this regard. With respect to permit information, Todd would prefer to submit the information once to one place and do not see the need for information to be provided to both MBIE and the GIC.
 - b. that Petroleum Field Information, gas production forecast information and reserves information should continue to be managed by MBIE under the Crown Minerals Act 1991, as it is today.
12. Todd considers that the industry-led solution, whether in the form of a multilateral agreement or rules, should include:
 - a. A comprehensive enforcement regime as required to ensure effective compliance.
 - b. Protections against any civil or criminal proceedings where information is made available in good faith.
13. If there are any questions relating to Todd's submissions, please contact Joycelyn Raffills at first instance: jraffills@toddcorporation.com.

Yours sincerely



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