

Appendix A: Recommended Format for Submissions

To assist the Gas Industry Co in the orderly and efficient consideration of stakeholders' responses, a suggested format for submissions has been prepared. This is drawn from the questions posed throughout the body of this consultation document. Respondents are also free to include other material in their responses.

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QUESTION	COMMENT
Q1: Do you agree that user pays is the preferred option for funding the establishment and ongoing operation of a wholesale market for gas? If not, what funding mechanism do you consider most appropriate and why?	Yes but the recovery of set up costs needs to be done in such a way as to minimise the risk of party's free riding by delaying joining the market until the costs have been recovered from others. One option could be to charge all parties joining the market during the first year of its operation an entry fee based on the expected number of entrants with a wash up completed at the end of the year and any over recovery returned to participants.
Q2: Do you support the proposed approach to admission? If not, what alternative would you want and why?	Yes
Q3: Do you support the proposed approach to suspension? If not, what alternative would you want and why?	Yes. Although the industry needs to ensure that the platform rules cover things like attempted market manipulation by a party or parties.
Q4: Do you support the proposed approach to user controls? If not, what alternative would you want and why?	Yes
Q5: Do you support the proposed approach to display of bids/offers? If not, what alternative would you want and why?	Yes

<p>Q6: Do you support the proposed form of prudential criteria? If not, what alternative would you want and why?</p>	<p>Yes and we suggest the market posts the details of market participants including contact details and a link to the participants website where the appropriate prudential information can be obtained. This will help minimise the time it takes for parties to assess the credit worthiness of other market participants.</p> <p>If parties are not prepared to make available sufficient financial information then this is likely to reduce the volume of trades that take place and as a result the overall effectiveness of the market as a price indicator.</p> <p>Assuming the market will be blind and if a manual override option is to be included, as suggested in 8.29 and 8.30, then there may a requirement for a black list. Participants could place parties that they never want to trade with on their black list and the manual override function would not work on a bid or offer from those parties. Each companies black list would only be viewable by that party.</p>
<p>Q7: Do you support the proposed approach to adjusting prudential criteria? If not, what alternative would you want and why?</p>	<p>No. We think that prudential criteria should be able to be adjusted far more frequently (weekly) and on an adhoc basis if a counter party suffers a significant adverse event.</p>
<p>Q8: Do you support the proposed provision of an override? If not, what alternative would you want and why?</p>	<p>Yes but see comment in Q6 regarding a blacklist.</p>
<p>Q9: Is your use of a platform likely to be significantly affected by whether the market operated on a blind basis or not? If so, in what way?</p>	<p>This will depend largely on the final form of the standard contract, the platform rules and the level of prudential information made available by potential counter parties.</p>
<p>Q10: Do you support the underlying philosophy in relation to the nature of the rights and obligations associated with a trade? If not, what alternative would you want and why?</p>	<p>Yes, but there needs to be care taken that parties aren't able to use the MPOC in a perverse way to avoid obligations under the standard contract.</p>

Q11: Do you support the proposed provision of buy and sell offers? If not, what alternative would you want and why?	Yes
Q12: Do you support the proposed use of 0.1 TJ/day as the basic trade unit? If not, what alternative would you want and why?	The parcel size seems too small. If parties offering gas are going to be required to manually enter each parcel of its offer into a website then offering 10-20 TJ for a day will be a time consuming process. We suggest a parcel size of 1.0 TJ per day would be more appropriate.
Q13: Do you support the proposed ability to indicate whether partial acceptances will be permissible? If not, what alternative do you prefer and why?	Yes provided the party selling can set the minimum size of the partial acceptance.
Q14: Do you support the proposal to adopt a virtual trading point? If not, what alternative do you prefer and why?	Yes, but suppliers of gas would need to be able to indicate where on the pipeline the gas was going to be made available for delivery so that bidders could factor this into the price they are willing to pay.
Q15: What sort of information would your organisation want from a platform for trading purposes?	The information included in 8.52 and 8.53 as well as the total volume traded on a day. Access to historical data would also be beneficial.
Q16: What sort of information would your organisation want from a platform for billing, reporting and governance purposes?	Billing: Counter party details, quantity traded and price for each trade and the date of the trade. Reporting & Governance: The information identified in 8.57.
Q17: What sort of information should a platform provide for general dissemination to stakeholders?	The information listed in 8.58.