



26 August 2021

Andrew Knight
Gas Industry Company
PO Box 10-646
WELLINGTON 6143

Submitted online at www.gasindustry.co.nz

Dear Andrew

Statement of Proposal: Gas Production and Storage Facility Outage Information

Firstgas Group (Firstgas) welcomes the opportunity to submit on the “*Statement of Proposal: Gas Production and Storage Facility Outage Information*” (the SoP), released by the Gas Industry Company (GIC) on 21 July 2021. We are making this submission on behalf of Firstgas’ transmission and distribution businesses and Flexgas, the owner and operator of the Ahuroa gas storage facility (AGS facility). Flexgas is a signatory to the voluntary Upstream Gas Outage Information Disclosure Code 2020 (the Upstream Disclosure Code).

In principle support for regulated solution but refinements recommended

After consideration of stakeholders’ submissions on its draft SoP, the GIC has maintained its view that the most practicable means for implementing information disclosure arrangements for gas production and storage facility outage information is to implement them within a framework of regulations (and/or rules) under the *Gas Act 1992*.

In previous submissions on this topic, we have indicated our “in principle” support for a regulated approach to upstream information disclosure. However, we also invited the GIC to consider some other relevant matters before proceeding to a regulated solution, including:

- The need to factor in the findings of the required review of the Upstream Disclosure Code into the GIC’s decision-making and conclusions
- Potential issues with the compliance provisions set out in the draft SoP and
- Prioritisation between the SoP and other significant work-streams that the gas industry is currently facing.

Further detail on each of these points, and our responses to the GIC’s prescribed questions can be found in our full submission on the draft SoP.¹

Information sought from gas storage operators

The GIC have acknowledged some of the concerns we raised in relation to the workability of the compliance provisions in the draft SoP that would apply to a gas storage operator. In particular, the GIC have agreed that actual storage withdrawal information in isolation would not be useful. To address this issue, GIC have added a requirement for a storage owner to also provide daily nominations information so that a “forecast versus actual” assessment may be made. All information required by the GIC for compliance assessment purposes would be provided on an annual basis.

We would like to reiterate our request to the GIC that any compliance regime introduced by regulation needs to be efficient, workable and adheres to the cost-effectiveness criterion required by the *Government Policy Statement on Gas Governance 2008* (GPS). We would welcome an opportunity

¹<https://www.gasindustry.co.nz/assets/Uploads/FG%20Submission%20on%20SoP%20for%20Production%20&%20Storage%20Outage%20Information.pdf>



for Flexgas and GIC representatives to meet and discuss compliance expectations and requirements, prior to this work-stream being finalised and any recommendations being made to the Minister.

Incorporating the learnings from the voluntary Upstream Disclosure Code

The GIC have advised in the SoP that the proposed regulatory solution intends to use the existing Upstream Disclosure Code as a foundation. As noted above, the Upstream Disclosure Code requires a suitably qualified third party to review and provide feedback on the operation of the code. We believe there is merit in this review still occurring. Any conclusions from the review would be a useful input into the development of a regulated solution and help ensure better outcomes for the spectrum of gas industry stakeholders.

Flexgas has been a signatory to the Upstream Disclosure Code since its inception and has actively participated in the voluntary disclosure regime. If a regulatory solution to upstream information disclosure is adopted by the GIC, we would bring the same level of accuracy, transparency and commitment to our obligations under that new regime. However, as noted earlier in this submission, we would like an opportunity for our Flexgas representatives to meet with the GIC and discuss disclosure requirements and any potential differences between the current regime and a regulated solution.

Information on the gas transmission system

As the owner and operator of New Zealand's gas transmission system, Firstgas is strongly focused on ensuring information is readily available to support our security of supply requirements. We currently publish information on any planned or unplanned transmission system outages (i.e. Firstgas assets) on our OATIS sites. We note that the SoP states that Firstgas receives production outage information under the Maui Pipeline Operating Code (MPOC). We would be interested to discuss this further with the GIC to ensure there is clear understanding on the information Firstgas does receive from our Interconnected Parties in relation to planned and unplanned outages at their facilities.

Contact details

If you have any questions regarding this submission or to set up a meeting with Firstgas and Flexgas staff, please contact me on 021 705 485 or via email at john.blackstock@firstgas.co.nz

Yours sincerely

John Blackstock
Senior Commercial Advisor