

04 March 2021

Paul Cruse
Gas Industry Company Ltd
WELLINGTON 6140 (via email to consultations@gasindustry.co.nz)

Dear Paul,

Re: Statement of Proposal for Production Storage Facility Outage Information

1. We attach our submission on the GIC's Draft Statement of Proposal (SOP) on Gas Production and Storage Facility Outage Information. This submission is being made on behalf of the Major Gas Users Group (MGUG):
 - a. Ballance Agri-Nutrients Ltd
 - b. Fonterra Co-operative Group
 - c. New Zealand Steel Ltd
 - d. Oji Fibre Solutions Ltd
 - e. Refining NZ
 - f. New Zealand Sugar
 - g. Goodman Fielder.
2. Members have been consulted in the preparation of this submission and nothing in it is confidential. Some members may choose to make separate submissions.
3. MGUG has indicated before that GIC should apply rigorous scrutiny to the voluntary code proposed by producers. We are therefore pleased that GIC has done this via this SOP.
4. We agree with and support the draft statement of proposal for Production Storage Facility Outage Information and the reasoning supporting the statement.
5. We offer some minor comments for consideration:
 - a. We would prefer the term "Operator" to the proposed "facility owner" when referencing responsibility for disclosure in this context. This is simply because there can be more than one facility owner under Joint Venture (JV) arrangements. The role of the Operator as the party charged with running the facility on behalf of the JV is an industry-recognised one, and this would include responsibility for disclosures to regulators.
 - b. In general we support the 20 TJ limit as a practical material limit for outage reporting. However, if there are 3 separately owned facilities each reducing output independently by say 19 TJ, this would create a significant problem for the market. To address this we suggest GIC might want to consider a lower reporting threshold/level without the need for public disclosure. This would ensure that the principle of materiality isn't being compromised by coinciding outages below the facility public reporting threshold.

- c. Currently public notification of outages extends to 3 months while the GIC is asking for 12 months ahead visibility. While we understand that 12 months ahead forecasts can be tentative, we think there is value in signalling to the market plans for scheduled outages further than 3 months out - typically larger users have their own formal planning processes for operations extending over a financial year. A longer notice period would allow market participants to optimise their own plans for production, outage coordination, and gas portfolio strategies.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R Hale', with a large, stylized initial 'R'.

Richard Hale/Len Houwers
Hale & Twomey Ltd/Arete Consulting Ltd
Secretariat for the Major Gas Users Group