

Gas Industry Co
By email: consultations@gasindustry.co.nz

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Draft Statement of Proposal for Outage Information

Mercury welcomes the opportunity to provide a submission to Gas Industry Co (the GIC) on its Draft Statement of Proposal for Production and Storage Facility Outage Information. Mercury supports the GIC's recommendation that the most efficient outcome for the industry would be to regulate for information disclosure for gas production and storage facility outages. We look forward to this moving quickly to implementation as soon as the Gas (Information Disclosure and Penalties) Amendment Bill has completed its passage through Parliament.

Mercury particularly agrees with the comment in Sapere's cost-benefit analysis that the incremental cost for parties complying with a regulated scheme will be small given the requirements are like the existing voluntary Gas Outage Information Disclosure Code. That Code has usefully shaped the design and reporting requirements for participants and shown that costs of compliance are minimal, especially compared with the potential efficiency benefits available to the rest of the market through improved information.

We also agree that the regulated step is necessary given the possibility of the voluntary option falling short of an ideal standard. While we do not doubt the effort and authenticity of the voluntary option, a participant like Mercury will naturally be more confident it can rely on information presented in a regulated option.

More information disclosure needed in gas market

Mercury has consistently argued that additional information transparency is necessary in the gas market, including more detailed information about price and quantity. Commercial deals struck in the gas market can have a material impact on other markets and particularly in electricity generation. This information gap is likely to widen if gas becomes more scarce and acts as the marginal fuel for electricity generation.

We are therefore pleased to see GIC recently announcing it will undertake a fit for purpose review of all gas arrangements in New Zealand, at the request of the Minister of Energy and Resources. We would recommend to the GIC that rather than await the outcome of that review that it takes proactive steps to improve price and quantity disclosure in the market as alluded to in its recent analysis of submissions on the Information Disclosure workstream.

Yours sincerely



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