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18 October 2016

Submissions
Gas Industry Company Limited
By email

Nova Energy Limited
PO Box 10141, Wellington 6143
www.novaenergy.co.nz

Re: Options Paper – Wholesale Levy Assurance

Nova Energy supports the initiative to tidy up the processes by which the data used to allocate the Wholesale Gas Levy is gathered and the ways in which the integrity of the data can be assured. Under the current arrangements, errors can creep into participant's processes and there is no simple cross check to determine if that has been the case.

Nova favours the option of using the First Gas data as the primary source of information, although it notes that it will still need to compile information on gas supplied through private pipelines in Taranaki.

Nova's responses to the individual questions are attached.

Yours sincerely



Paul Baker

Commercial & Regulatory Advisor

P +64 4 901 7338 E pbaker@novaenergy.co.nz

Appendix

Nova Energy submission

Responses to the Options Paper

Q	Question	Comment
1.	Do you agree that the current arrangements do not provide adequate assurance that wholesale levy payers are meeting their respective obligations and that changes need to be made to provide adequate assurance that wholesale levy returns and payments are accurate?	Yes, there are not sufficient checks and balances in the existing processes that help identify possible errors in returns.
2.	Do you consider that there are any other efficient, low-cost options to address the shortcomings of the current methodology in the Levy Regulations? If so, please provide the alternative(s) together with your assessment compared with the four options presented.	
3.	Do you agree with the analysis of each of the four options? If not, please provide your reasons.	Mostly, but we make the following observations: Under option 1 the point of measurement needs to be clearly defined; as producers may sell gas in a raw state, before LPG and gas liquids are extracted. Presumably the intent is that the levy is based on the quantities of AS/NZS saleable gas post processing rather than inclusive of those other components? While Option 2 cannot provide an immediate solution, it seems appropriate to provide the GIC with powers to audit participants' returns on a selective basis even if it follows through on another option.
4.	Do you agree with the analysis that option 3 addresses the problem at low cost and provides an appropriate set of checks and balances?	Nova favours option 3. As Nova is closely aligned with a gas producer, it is conscious of the additional obligations that option 3 creates in terms of reconciling details of gas supplied through exclusive pipeline arrangements versus quantities shipped through open access pipelines, i.e. some gas may be consumed or sold directly from the private pipeline, while other quantities are exported into an open access pipeline. Clearly it is just as important to avoid double counting as avoiding missing volumes.

		Given such arrangements, it may also be appropriate to require the customers directly supplied by the private pipelines to confirm the quantities supplied to them by each gas wholesaler from time to time. This would provide a further check that the data being supplied by the gas wholesaler is correct.
5.	Do you agree that it would be desirable to amend regulations 18 and 20 of the CCM Regulations to align with any changed levy regulations?	<p>Yes, that would be necessary.</p> <p>Clause 20 (3) of the CCM Regulations should remain.</p> <p>Clause 18 of the CCM Regulations should include a requirement that sufficient details of the data used to determine each market participant's fee should be provided to the participant in order that they can reconcile the volumes against their own records.</p>
6.	Do you agree that such an amendment to regulations 18 and 20 would be minor and technical, i.e. its effect is minor and it does not adversely affect the interests of any person in a substantial way?	The amendment to regulation 18 will require the specific disclosure of gas volumes supplied through direct connection arrangements. While Nova concurs with the GIC's objectives, this is a higher level of transparency than has previously been provided. Commercially sensitive details should be aggregated such that individual participant's data is not disclosed.