

## 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.

Submission prepared by: OMV New Zealand Limited - James Hare

QUESTION	COMMENT
Q1: Do you have any general comments on the proposal or the process adopted by Gas Industry Co?	<p>It is disappointing that the GIC has been forced, by 1 or 2 industry players, to consider regulation, as it will be the industry as a whole which bears the cost of putting in place and enforcing such regulations.</p> <p>Given that there appears to be little concrete evidence of a problem with respect to access to gas processing facilities OMV suggests that the GIC consider an alternative approach before resorting to regulation. OMV has outlined one possible approach in Q3 below.</p> <p>OMV hopes that the GIC has made every effort to engage with the parties withholding their agreement to voluntary disclosure before resorting to regulation given the cost of going down this path.</p>
Q2: Do you agree that alternatives to the status quo that may meet the objective are limited to low cost, light-handed measures?	Yes, but it is not necessary for this to be achieved through an information disclosure regime. See OMV's alternative suggestion below.

QUESTION	COMMENT
<p>Q3: Given the finding on no substantial inefficiency in the gas processing market and given the need to maintain a watching brief for a later recommendation on access protocols, do you agree that the only reasonably practical options are information disclosure provided either by industry agreement or mandated by rules under the Act?</p>	<p>No. OMV believes the GIC should introduce a mechanism or process that allows any industry participant who feels they are being denied access to a gas processing facility without good reason to raise this with the GIC for further investigation. This will assist in identifying if in fact a problem exists.</p> <p>From its experience, OMV does not believe a problem exists with regards to gas processing facility access and questions the value of and need for an information disclosure regime, whether it be voluntary or compulsory. OMV believes this issue should not have appeared in the GPS and that it only did so as a result of one industry participant attempting to use the Commerce Act as a tool for commercial negotiation.</p> <p>OMV is not aware of any party being denied access to gas processing facilities and believes the GIC should canvas the industry to gauge if this is in fact the case prior to embarking on regulation. If this consultation demonstrates there is no problem with regards to access to gas processing facilities then the GIC should inform the Minister of this and that it will keep a watching brief but that no further action is required at this time.</p> <p>If in the future the GIC obtains evidence that a problem does in fact exist then it will have reason to propose information disclosure regulations to the Minister.</p>
<p>Q4: Do you agree that Gas Industry Co has provided industry participants with a reasonable opportunity to adopt information disclosure by way of an industry arrangement?</p>	<p>Yes, but OMV believes the requirement for information disclosure is unnecessary in the absence of any evidence that a problem with access to gas processing facilities exists.</p>

QUESTION	COMMENT
<p>Q5: Do you agree, given at least one party has chosen to “hold out” from joining the industry arrangement, the only reasonably practicable option which remains for Gas Industry Co is to recommend rules for information disclosure? If not, please give your reasons.</p>	<p>No. OMV believes the GIC should introduce a mechanism or process that allows any industry participant who feels they are being denied access to a gas processing facility without good reason to raise this with the GIC for further investigation. This would be far more efficient than imposing a regime on all producers when the majority of them may never receive a request for facility access.</p>
<p>Q6: Do you agree with the assessment of costs and benefits, in particular that the uncertainties associated with continuing to pursue the industry arrangement mean it is likely to be the more expensive option?</p>	<p>No. OMV believes the GIC should consult further with the industry and adopt the approach outlined above.</p> <p>OMV does not believe there is an issue with regards to access to gas processing facilities and that the GIC needs to demonstrate there is one before putting in place regulations. It does not appear to be efficient to introduce regulation just because an issue is contained in the GPS without first establishing that a problem does in fact exist. OMV is of the view that there are far more important issues facing the gas industry and that the money would be better spent in those other areas.</p>

QUESTION	COMMENT
<p>Q7: Do you have any comments on the draft information disclosure rules contained in Appendix B?</p>	<p>OMV has the following comments on Appendices B and C.</p> <p><b>Part 1.</b></p> <p><b>Clause 8</b> replace the heading with “Notice deemed served” and amend first sentence to read “Notices are deemed to have been lawfully served:”</p> <p><b>Part 2.</b></p> <p>OMV questions the need for the information identified in Part 2 to be disclosed given that the regulations relate to the access to facilities rather than their capacity and this is covered by the disclosure under Part 3.</p> <p><b>Clause 10.3</b> As currently drafted this clause is too broad. Facility owners do not want to have to spend numerous hours putting together information that has little or no relevance to the ability of parties to access gas processing facilities.</p> <p><b>Compliance with Regulations</b></p> <p>Given the high likelihood that parties may not comply with the proposed regulations OMV is concerned that the proposed compliance regulations are too cumbersome and will be expensive to monitor and enforce.</p> <p>If it is proposed that these costs find their way into the GIC Levy then the regulated outcome is less efficient and will pose unnecessary additional costs on the industry which will do nothing to assist in putting downward pressure on gas prices. This, in OMV’s view, would suggest the GIC should take further steps to put in place a non-regulatory regime.</p>