



7 September 2021

BY EMAIL

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Dear Andrew

Information Disclosure: Final Statement of Proposal

This letter is OMV's submission on the Final Statement of Proposal for Production and Storage Facility Outage Information (SOP) issued by GIC in July 2021.

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Level 20, Majestic Centre
100 Willis Street
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New Zealand

As explained in previous submissions, OMV's preference is for the industry to pursue a voluntary rules-based design for upstream outage disclosures. However, if regulation is to be pursued, we support the great extent to which the proposed regulation builds on the framework established in the existing Upstream Gas Outage Information Disclosure Code 2020 (the Code).

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In addition to the above we make the following detailed comments:

The proposed 'benchmark' for unplanned outages in the SOP is subtly different to those defined in the Code.

- The benchmark for unplanned outages in the Code is "the week ahead or other nominations", in the SOP it only refers to the week ahead estimate. We support the proposed simplified definition which makes it clearer that the most recent week-ahead forecast is the basis for measuring the magnitude of an outage.
- The proposed 'threshold' for unplanned outages in the SOP removes the 50 TJ per day threshold for unplanned outages. We agree with the GIC's assessment that this is a pragmatic simplification given how seldom nominations are so far below the "maximum production capacity".

The proposed 'benchmark' for planned outages in the SOP is subtly different to those defined in the Code.

- For planned outages the SOP clarifies that it is the maximum production over the 14 days prior to the planned outage should be used as the benchmark. We support the simplification that clarifies that the outages should be measured against the 'maximum' production over the 14 days prior to the planned outage.
- However, to avoid confusion the SOP should refer to the "producer's current production forecast" to make it clear that the most relevant data should be used for the assessment.

OMV agrees that the definition of “gas production” includes all gas exported from a gas processing facility (including from private pipelines) and should exclude gas that is consumed in operations.

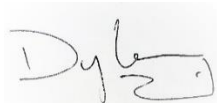
When drafting the detailed regulations, care will be needed to ensure the requirements of the forecasts are clear. For example, is the forecast for expected offtake or production capacity, do the forecasts include or exclude planned outages.

We are supportive of the proposal to require updates “as soon as practicable” only for outages occurring within the first 6 months of a notification date. We agree with the GIC’s assertion that the “the focus of this rule should be to ensure that information asymmetries do not arise from some parties receiving information earlier than others”.

The requirement to provide a daily forecast annually will usefully reduce the reporting burden on the industry compared to the proposal in the draft SOP. It is important to note that while the annually updated forecast will be useful for high-level operator and industry analytics, the assessment of both planned and unplanned outages by operators for reporting purposes should be done against more recent forecasts within the year (e.g. week ahead for unplanned outages and the most recent planned forecast), consistent with the aim of providing the most relevant market information.

Thank you for the opportunity to provide feedback on the Final Statement of Proposal.

Yours sincerely,

A handwritten signature in black ink that reads 'Dylan Reid'. The signature is written in a cursive style with a horizontal line at the end.

Dylan Reid