



5<sup>th</sup> February 2021

Submitted via the GIC website

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**OMV Upstream**

**Submission on the Gas Industry Co FY2022 Work Programme and Levy**

OMV New Zealand Limited welcomes the opportunity to comment on the *Consultation on Gas Industry Co FY2022 Work Programme and Levy* document.

OMV is supportive of the proposed work programme and levy and we have included some comments, in the requested submission format, attached to this letter.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Dylan Reid', with a stylized flourish at the end.

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| Question  | Comment  |
|---|--|
| <p>Q1: We seek your input about looming issues on the horizon which will be addressed in current or future work programmes, as mapped in 1.1 above. What other issues should be on our horizon?</p>   | <p>There is little commentary in the consultation document on what the "Orderly Transition" subject within the "Trusted Advisor" theme means.</p> <p>We see a role for the GIC in this area in facilitating understanding of gas market dynamics within Government to ensure policy decisions made in other government departments do not result in unintended consequences in the gas industry (for example unintentionally eroding investment incentives such that gas is unable to play the role that is envisaged for it in the energy transition).</p> <p>With increasing ETS costs, the suitability of gas governance regulations for the transportation and storage of CO<sub>2</sub> should be assessed and be on GIC's radar.</p> |
| <p>Q2: Technology changes, changes to market structures, the potential for new renewable infrastructure, and uncertainty over prices will all have an impact on existing facilities, commercial arrangements and regulatory structures and systems</p> <ul style="list-style-type: none"> <li>• What changes to regulatory structures and systems do you believe Gas Industry Co should be reviewing?</li> <li>• What other gas challenges arising from the energy sector transition should Gas Industry Co be assisting industry and Government to prepare for?</li> </ul> | <p>No changes that the GIC has not already identified.</p>   |
| <p>Q3: Do you have any comments on the process for developing Gas Industry Co's Work Programme and Levy?</p>  | <p>The process has been adequate with sufficient time to review and comment.</p>   |

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| <p>Q4: Reflecting on Gas Industry Co's Sector Coordinating Entity Role in relation to the COVID-19 pandemic, we are interested in your feedback in relation to the following matters relating to both COVID-19 lockdowns (March and August 2020):</p> <ul style="list-style-type: none"> <li>• Standard of communications from Gas Industry Co (eg was the messaging clear, timely, targeted?);</li> <li>• What went well/what could be improved?</li> <li>• Learnings to take forward/feedback for Gas Industry Co?</li> <li>• Learnings to take forward/feedback we can pass on to MBIE?</li> <li>• Any other comments you would like to add?</li> </ul> | <p>The standard of communication was good.</p> <p>Of particular note was the approachability of staff and the willingness to be pragmatic with requests given the limited time available to respond.</p> <p>Suggestion for improvement: conduct an after action review closer to the time that the first lock-down was completed so that learnings are still fresh in participant's minds.</p> |
| <p>Q5: Do you consider there to be any other items that should be included in Gas Industry Co's intended Work Programme for FY2022? If so, please describe the work required and how that work achieves the outcomes sought under the Gas Act and GPS.</p>   | <p>No.</p>   |
| <p>Q6: Do you consider there to be any items that should be excluded from Gas Industry Co's intended Work Programme for FY2022? Please provide reasons for your response.</p>  | <p>No.</p>   |
| <p>Q7: Gas Industry Co is particularly interested in industry comment on the forecast gas volumes - do stakeholders consider the projection reasonable? If not, what would they consider an appropriate gas volume estimate to be?</p>   | <p>Based on the MBIE data and recent guidance by some market participants 165 PJ seems like a reasonable projection.</p>   |
| <p>Q8: Do you have any comment on the proposed levy rates for FY2022?</p>  | <p>It is good to see expenses flat or trending downwards over time.</p>  |

