Consultation paper: Options for Information Disclosure in the Wholesale Gas Sector

Submitted by: Todd Energy Limited and its related upstream companies ("**Todd Energy**") and Nova Energy Limited ("**Nova**"), together referred to as "**Todd**".

Q No.	Question	Response
Q1:	Should shippers be included in an information regime? If so, what information do you consider should be disclosed?	No. The obligation should be on asset owners/operators to disclose information pertaining to their assets on a facilities basis. Todd considers that there should be "only one version of the truth". In this context, shippers are not owners of gas assets per se and can be seen as intermediaries. Any market sensitive information held by shippers is already held by producers. Nova is concerned that the proliferation of parties especially non-asset owners/operators who are obliged to disclose information may lead to confusing, partial and imperfect information being disclosed. Other volume information will already be available through TACOS.
Q2:	Is the information currently disclosed by the transmission pipeline operator sufficient? If not, what further information should be released through information disclosure arrangements?	Yes. The information to be disclosed via TACOS under the GTAC will provide adequate real time information to interested parties as long as the public (or interested parties) is able to have access to delayed volume information (if not real time).
Q3:	Have the upstream sector and its potential information issues been characterised appropriately? Have we missed aspects of the problem or are there parts of the identified problem that we have not described correctly? Please include details and any examples in your response.	The New Zealand upstream sector has broadly been described correctly, noting that production forecasts are in fact disclosed through MBIE. [1] Third party sources also provide market updates. As set out in our covering letter, Todd considers that the problem statement has not been adequately defined. Concerns around how information is disclosed have been driven by the potential for information to be released in an asymmetrical manner during an unplanned, material, production outage. As such it is worth highlighting that many of the information gaps identified in the "Upstream Sector" section at Table 4 are not relevant to solving this problem, in particular, in relation to disclosure of permit information and further reserves information.

[1] The Annual Summary Report for each Mining permit submitted to MBIE includes a yearly production (Gas, LPG, Condensate) profile (2P) for the life of each field in both tabular and graph format. See: : https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-statistics-and-modelling/energy-publications-and-technical-papers/energy-in-new-zealand/

		A large part of the "problem" is a lack of knowledge by non-gas industry companies with regards the availability of and how to access information that is already in the public domain or that can be procured if desired. The Electricity Authority (EA) noted in its Undesirable Trading Situation decision of 14 February 2019 "*There was information asymmetry in relation to gas supply from Pohokura, but the asymmetry was small"* and that *"During the investigation it became apparent that some participants were not aware of the full range of publicly available information relevant to gas supply."* Information that is already publicly available and where to find is summarised in the attached schedule to this paper.
Q4:	Have the demand-side and its potential information issues been characterised appropriately? Have we missed aspects of the problem or are there parts of the identified problem that we have not described correctly? Please provide details and any examples in your response.	No comment
Q5:	What processes does your organisation have to obtain information ahead of, and during, periods of reduced gas supply?	Nova, as a major wholesaler of natural gas, would typically obtain outage information from its gas suppliers in accordance with its gas supply contracts. For example, during the Pohokura outage, Nova relied on notifications by Todd Pohokura Limited through Shell Taranaki Limited, the operator of Pohokura (under sub-contract). With respect to gas fields that Todd has no interests in such as Kupe, Turangi, Kowhai and Maui, Todd has the same access to publicly available information on OATIS to monitor gas production levels and forward schedules. Trades on emsTradepoint and the wholesale electricity spot market provide a useful guide on the value being placed on gas in the short term. This provides a signal to both producers and major users in response to tight supply conditions.

Q6:	How is your organisation impacted during periods of reduced gas supply? Please provide details (including costs) and any examples in your response.	Nova operates on a portfolio basis, sourcing gas primarily from Todd producers but also from third parties when required. This enables Nova to manage its risks by amending its nominations for gas to be supplied from a different field or cater for short term events through line-pack. In addition, Nova can manage its contractual obligations to the various customers it supplies through supply curtailment mechanism (force majeure) and through gas supply contracts that have flexible terms. When Nova curtails supply to its customers in response to a loss of production capacity such as the events at Pohokura, Nova and Todd Energy suffers through reduced sales of natural gas and associated liquids.
Q7:	What steps does your organisation's risk assessment or business continuity plan expect to be undertaken to limit the impact of periods of reduced gas supply?	As a wholesaler, Nova manages its risks through its portfolio management, and works with Todd Energy to maintain security of supply to its gas customers. Customers who value security of supply or are not willing to accept field deliverability risk will benefit from contracting on a portfolio (multi-source) basis. Other customers may have flexible terms in their contracts, and this can provide Nova with the flexibility to redirect gas in periods of reduced gas supply.
Q8:	Taking into account your risk assessments and business continuity plans, what information do you use and what further information would be useful to your organisation to inform your actions and decisions during periods of reduced gas supply?	During outages like the Pohokura outage, Nova, like other gas suppliers, is required to keep its counterparties informed on how long the force majeure event might last for. However, it is acknowledged that information about when supply will be restored during an outage (especially an unplanned one) has necessarily a large degree of uncertainty (especially initially) and this needs to be recognised by any disclosure regime. This was confirmed in the Electricity Authority's Undesirable Trading Situation (UTS) decision on 14 February 2019 when it found that while there may have been a perception of information asymmetry there was in fact little if any. Todd believes that more detailed information disclosure during the Pohokura outage would not have changed the physical supply situation as there were too many unknowns about the cause, duration and remediation of that unplanned outage. This same issue arises from time to time in the electricity market with respect to plant outages where it takes time to investigate, diagnose and identify the correct solution and then to put in place the arrangements with specialist service providers to affect a fix in response to an unplanned plant outage. Subject to that uncertainty, Todd supports the need for timely, regular and accurate outage (planned and unplanned) notifications by producers during the periods of reduced gas supply. Disclosure of information should be accessible and there should be one source of information.

Q9:	Is there any further information regarding outages that you would like to share?	No comment
Q10:	Have the potential information problems in the wholesale gas market been identified appropriately? Have we missed aspects of the problem or are there parts of the identified problem that we have not described correctly? Please provide details and any examples in your response.	This section of the consultation paper outlines a number of "possible" problems, none of which are sufficiently well-defined. Todd believes that a problem statement must be properly defined by the GIC before solutions can be identified. Todd submits that the problem statement should be for example: "To improve the understanding and functioning of the wholesale gas market by the disclosure of planned and unplanned outage information to address any real or perceived asymmetry of information on outages". In terms of the emsTradepoint, it seems unfair to classify emsTradepoint as not being publicly available when the subscription is reasonably priced. We consider that it is reasonable for those who value the information to pay for it. Any interested party should be able to subscribe to obtain price information from this channel. In relation to the electricity system operators understanding of the gas market, sufficient information is available and in the public domain. For example, Contact Energy discloses its contracted fuel position as does Genesis Energy with respect to coal under the continuous disclosure rules as listed companies. In addition, generators also have continuous disclosure obligations under the Electricity Industry Participation Code to notify the market if their fuel supply obligations (or lack of) have an impact on the market. In its "Guidelines for participants on wholesale market information disclosure obligations", the Electricity Authority states: "*Under normal circumstances, the Authority considers that the following could reasonably be expected to have material impact on prices in the relevant markets and therefore be disclosure information…(b) A significant change in fuel supply situation – examples include buying (or selling) a significant quantity of coal entering (or exiting) a significant gas contract…Whether the change is significant or not might depend on a number of factors*…" (paragraph 6.27) If those obligations are insufficient then it is not appropriate that the solution to be sought elsewhere. With respect to natural gas production forecasts, no mention is made of disclosure of aggregated gas production forecasts made public by MBIE in their annual "Energy in NZ" Report where information

		pertaining to reserves and production is available. This information together with actual data from OATIS can be powerful in assessing market conditions. We set out in the schedule attached to our submissions a list of information currently provided and accessible via various channels.
Q11:	Have the potential information transparency and availability issues in the wholesale gas sector been analysed appropriately against the Gas Act and GPS objectives? Are there elements of the analysis that have been missed or parts of problem that have not been analysed properly? Please explain your reasoning.	The "potential information problems" identified in the consultation paper need to be considered in the wider context of the gas industry's ability to meet consumers gas demands over the long-term; i.e. the need to strike a long-term balance between production and demand. The role of a good information disclosure regime is to ensure that neither producers nor consumers face unnecessary risks or costs due to the lack of information on one hand, or undue disclosure obligations on the other. The consultation paper appears to be based on the premise that all information releases must be good for the wholesale gas market. This contradicts well established ownership rights to information, such as under intellectual property law and confidentially agreements, that serve to ensure a balance in the rights between those who invest in production, and consumers.
Q12:	Has the proposed problem statement been characterised appropriately? Have we missed aspects of the problem or are there parts of the identified problem that we have not described correctly? Please include details and any examples in your response.	As stated above, the options paper does not clearly and sufficiently define the problem statement. To the extent that the Pohokura outage highlighted the need to for asset owners/ operators to communicate outage (planned and unplanned) information in a consistent, timely and accessible manner, the problem statement should be limited to these matters.
Q13:	Has the voluntary disclosure option been identified appropriately? Are there alternative versions of the option that are worthy of consideration? Please provide reasons in your response.	We note that the GIC has said that some parties indicated that they do not support information disclosure and that "it is likely they would not participate in voluntary information sharing". Todd does not think that there are any grounds for that statement as discussions among the major producers indicate that they are agreeable to disclosing outage information and more standard communications practices to mitigate perceptions of information asymmetry. We also consider that the issue with confidentiality clauses is over-stated. As the major producers are agreeable to disclosing outage information, modifications to the confidentiality provisions, if required, can be made accordingly.

		Note that "voluntary disclosure" implies that parties can choose whether or not to volunteer information. We consider that it would be more apt to refer to "industry-led self-regulation" as there is a need to ensure that all parties who opt in are bound to comply with the disclosure regime.
Q14:	Do you agree with the advantages that have been identified for the option? Have any other advantages been missed or are there advantages that have been listed that mischaracterised?	An industry led and self-regulated regime would be implemented faster and could also be modified or changed faster than a regulated solution.
Q15:	Do you agree with the disadvantages that have been identified for the option? Have any other disadvantages been missed or are there disadvantages that have been listed that are mischaracterised?	Todd considers that the issues in this section have been over-stated. The Gas Act establishes a co-regulation model, which is based on voluntary compliance with an industry-led solution under the threat of full regulation. Participants appreciate that failure to comply with industry led solutions or failure to agree to an acceptable solution would lead to regulatory intervention and are therefore incentivised to ensure that the industry solutions will work effectively.
Q16:	Given the advantages and disadvantages, do you consider that that voluntary disclosure option is a viable option? Please provide the reasoning behind your answer, including details and any examples.	Todd supports self-regulation as a viable option for disclosure of outage information and will work with other producers and the GIC to draft rules accordingly, noting that Todd Energy already discloses planned outage information on the JAM solutions platform.
Q17:	Has the principles-based information disclosure option been identified appropriately? Are there alternative versions of the option that are worthy of consideration? Please provide reasons in your response.	No comment
Q18:	Do you agree with the advantages that have been identified for the option? Have any other advantages been missed or are there advantages that have been listed that mischaracterised?	No comment
Q19:	Do you agree with the disadvantages that have been identified for the option? Have any other disadvantages been missed or are there	No comment

	disadvantages that have been listed that are mischaracterised?	
Q20:	If a principles-based information disclosure option is adopted do you think there should be exclusions on information that is disclosed? If so, what types of exclusion should be considered and why? If confidentiality is a concern, please explain why this is the case, including any details and examples.	Todd suggests that the exclusion provisions in the Electricity Industry Participation Code are a good starting point. Like the Electricity Industry Participation Code, information disclosed should exclude matters of supposition or matters that are insufficiently definite to warrant them being made readily available to the public. This would address concerns with providing potentially misleading information to the market.
Q21:	Has the specific information disclosure option been identified appropriately? Are there alternative versions of the option that are worthy of consideration? Please provide reasons in your response.	No comment
Q22:	Do you agree with the advantages that have been identified for the option? Have any other advantages been missed or are there advantages that have been listed that are mischaracterised?	No comment
Q23:	Do you agree with the disadvantages that have been identified for the option? Have any other disadvantages been missed or are there disadvantages that have been listed that are mischaracterised?	No comment
Q24:	Have the implementation issues associated with the information disclosure options been characterised appropriately? Are there further points that we have missed or are there issues that have been mischaracterised?	As mentioned above, it is incorrect to assume that gas producers will not agree to disclosing outage information. Participants appreciate that failure to comply with industry-led solutions or failure to agree acceptable solutions would lead to regulatory intervention and are incentivised to ensure that industry-led solutions work effectively.

Q25:	Do you think that principles-based information disclosure based on industry-led arrangements is a viable option? Please provide the reasoning behind your answer.	Todd agrees to disclose its outage information and considers that this could be done on the basis of specific information disclosure.
Q26:	Do you agree with the proposed coverage for disclosure obligations? What issues do you see with the proposed coverage?	Todd broadly agrees with the proposed coverage. In addition, we agree that the total gas available in the Ahuroa Gas Storage facility should be made available by the operator of the field on an aggregated basis.
Q27:	Should there be coverage exclusions (i.e. particular parties or types of party) included in the information disclosure regime? If so, what should they be and why (please provide details and examples to support your argument)?	Todd is not of a view that the long-term commercial interests of major gas users should be sacrificed in the interests of greater information disclosure. Given New Zealand's trade exposure to commodity products it makes no sense to put NZ entities at a trading disadvantage to offshore interests, e.g. in the sale of methanol or import of urea.
Q28:	Should there be a minimum threshold? If so, what should it be and what should it be based on (e.g. nameplate capacity, X GJ/day)? Should the minimum threshold be the same for all types of market participants or should it vary between market segments? Please provide details.	Yes. At this point we would envisage this as a daily outage basis (XX TJ/day) however this would be a matter to be discussed with all producers and the GIC.
Q29:	Should the threshold be on a facilities basis or company basis?	Gas production disclosures should be made on a facilities basis.
Q30:	Are there any other information disclosure rules that should be considered? Please provide details in your answer including the rationale for your proposed rules.	No comment
Q31:	Has this planned outage disclosure option been identified appropriately? Are there alternative versions of the option that are worthy of consideration? Please provide reasons in your response.	Todd believes the planned outage disclosure requirement should apply across all gas processing facilities and transmission pipelines without reference to size/capacity.

Q32:	Do you agree with the advantages that have been identified for the planned outage disclosure option? Have any other advantages been missed or are there advantages that have been listed that are mischaracterised?	In addition to the advantages provided in the consultation paper, understanding resource allocation would be improved by use of a single platform for planned outages. This has been useful in the past for outage timing optimisation. The availability of suppliers for planned shutdown work is limited and producers are also aware of the need to stagger shut downs to limit health and safety risks from staffing fatigue for example. This inherently enables a more stable gas supply, by upstream producers avoiding any overlap in planned outages.
Q33:	Do you agree with the disadvantages that have been identified for the planned outage disclosure option? Have any other disadvantages been missed or are there disadvantages that have been listed that are mischaracterised?	As already discussed, information on outages can be uncertain and minimal to begin with and improve in quality as time passes in the case of both planned and unplanned outages. Planned outages can change frequently due to various legitimate business drivers such as scope of work required being uncertain and availability of specialists or equipment. A party with multiple options can potentially mitigate the impact of outages by accelerating or deferring outages and coordinating them with key customers. As an example, Todd's planned outage for its MET 2 compressor facility has moved 2 times in 2019 for these types of legitimate business reasons. We give these examples to highlight the inherent unreliability of such information even for planned outages. If the wider industry is heavily reliant on the data disclosed, uncertainty can impact business decisions made with this data as a basis. This risk needs to be transparent and well understood by users of the data. Contributors of the data need to retain the right for flexibility and have no liability for unfavourable market outcomes as a result of changes made to planned outages where information is disclosed in good faith. With forced disclosure for major users, an unfair international disadvantage would occur. This could negatively impact the New Zealand economy and natural gas demand by forcing that user out of New Zealand.
Q34:	If this planned outage disclosure option is adopted do you think there should be exclusions on information that is disclosed? If so, what types of exclusion should be considered and why? If confidentiality is an issue, please explain why this is the case, including any details and examples.	Todd agrees to work with the GIC towards a disclosure regime for planned outages. We ask that one platform is created (or existing platform such as JAM utilised) to avoid Todd having to input data twice and being required to check consistency, use different formatting and so on. The further details of a planned outage disclosure regime will be a matter of further discussion, however broadly speaking, Todd believes this should include: · the outage period, · the volume associated with the outage, · a materiality threshold.

		Nameplate capacity is not particularly useful information and should not be required as facilities often do not run at name plate or have inherent flexibility in design. Name plate capacity is often unrelated to actual production.
Q35:	Has this unplanned outage disclosure option been identified appropriately? Are there alternative versions of the option that are worthy of consideration? Please provide reasons in your response.	A perceived asymmetry of unplanned outage information, Todd understands, was the trigger for the GIC's Consultation paper. We would however note that a degree of unplanned outage information is already made available: • A gas producer immediately notifies the gas transmission system operator when actual production falls below nominated and threshold production. This is covered under OATIS and in future will be covered under GTAC. • If the unplanned outage triggers a notification, the date is published and available under OATIS/GTAC. · If the unplanned outage is projected to affect the following day, notifications will be sent through OATIS/GTAC. • The gas producer must submit into OATIS/GTAC the net weeks' nomination. If that nomination is down, it is apparent to anyone viewing the information that the gas supplier does not expect the outage to be resolved. Although this information is already available, Todd agrees to work with the GIC towards a regime for more comprehensive disclosure of outages. We emphasise that one platform for disclosure of information should be selected, and it should not become the responsibility of the gas producers to re-submit information already available from OATIS/GTAC onto the platform selected. Todd believes the unplanned outage information should largely come under the same protocols as planned outages, except that there needs to be further consideration of the timing/frequency of updates on the expected resolution of unplanned outages. This information has a high degree of uncertainty and there is a trade-off between timeliness and accuracy.
Q36:	Do you agree with the advantages that have been identified for the unplanned outage disclosure option? Have any other advantages been missed or	No comment

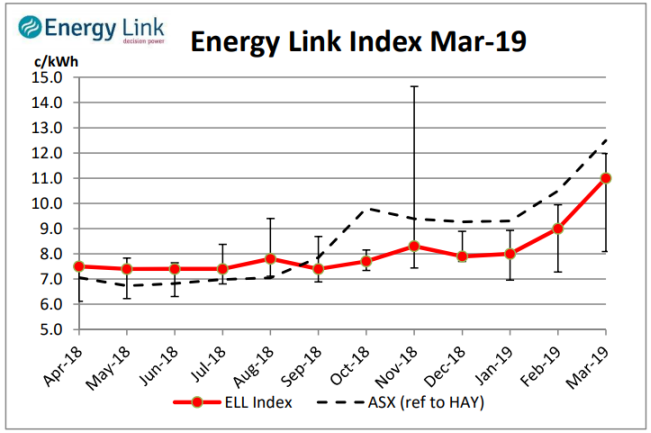
	are there advantages that have been listed that are mischaracterised?	
Q37:	Do you agree with the disadvantages that have been identified for the unplanned outage disclosure option? Have any other disadvantages been missed or are there disadvantages that have been listed that are mischaracterised?	No comment
Q38:	If this unplanned outage disclosure option is adopted do you think there should be exclusions on information that is disclosed? If so, what types of exclusion should be considered and why? If confidentiality is an issue, please explain why this is the case, including any details and examples.	Todd broadly agrees to disclosing unplanned outages. As stated above, we agree to work with the GIC on a code for disclosure of planned and unplanned outages, the details such as the specific information to be disclosed would be worked through in that process. We do not consider that confidentiality is an issue if (as we believe is the case) producers are aligned. As already stated, we emphasise that the information is going to be unreliable, due to inherent difficulties with estimating the duration of unplanned outages, as well as the volumes that can be expected.
Q39:	Should lagged emsTradepoint traded volumes and prices be disclosed under an information disclosure regime? Please provide reasons in your response.	In respect of emsTradepoint volume and price information, there should be some benefit accruing to parties that participate in the market or pay for the information. Todd suggests that it would be appropriate to request the information be published the day following. emsTradepoint should retain the rights to copyright any index produced from the data, as do providers of indices in other financial markets.
Q40:	Do you agree with the advantages that have been identified for the emsTradepoint disclosure option? Have any other advantages been missed or are there advantages that have been listed that mischaracterised?	Yes, it is appropriate that the spot prices and quantities of gas traded on emsTradepoint are made available on a lagged basis noting that if any party (not just participants) is prepared to pay to acquire access to more detailed and timely information then they are free to do that at any time.
Q41:	Do you agree with the disadvantages that have been identified for the emsTradepoint disclosure option? Have any other disadvantages been missed	Agreed. As an independently created exchange, it would be inappropriate to force emsTradepoint to give up valuable market information for no direct benefit.

	or are there disadvantages that have been listed that are mischaracterised?	
Q42:	Should there be publication of weighted average wholesale prices & aggregate traded volumes that cover the entire gas wholesale sector (with data sources including price and volume information covered under bilateral agreements and other arrangements)?	The analysis in the paper does not consider that parties are able and do engage with wholesalers and suppliers on a direct basis to gain access to information pertaining to gas availability, price and the terms that it can be made available. Often these discussions are exploratory at first (e.g. through a request for proposal) and are confidential as potential purchasers see their potential project as being commercially sensitive prior to any commitments made. Regardless, those parties are able to inform themselves as to gas supply and prices for decision making purposes. Pricing and volume information can also be derived from data already provided to MBIE (see attached schedule). As such we believe the analysis potentially overstates the scale of the issue of price information availability.
Q43:	Do you agree with the advantages that have been identified for this weighted average price & volumes option? Have any other advantages been missed or are there advantages that have been listed that mischaracterised?	No comment
Q44:	Do you agree with the disadvantages that have been identified for this weighted average price & volumes disclosure option? Have any other disadvantages been missed or are there disadvantages that have been listed that are mischaracterised?	The discussion paper proposes that aggregated gas supply agreement data will overcome the potential commercial disadvantages of having the key volume and pricing terms of being transparent to the market. Unfortunately, the gas market is not large enough for major commercial deals to be obscured in that way, particularly given the market shares of the major participants. Contract prices could, in many cases be simply derived from the published data but the result would be so aggregated as to be meaningless or potentially misleading. In our experience gas market terms and conditions (including price) for larger wholesale producer contracts are non- standard and vary materially in many different aspects such that price information alone is only a part of the picture. For example, the challenge that indexing a price would involve requires many variables to be considered, including the following: • Take or pay • Consumption profile • Exclusivity • Duration

- Priority rights
- Flexibility rights
- Capex contribution to drill programmes
- Security of supply

The electricity market is much larger and deeper than the gas market, yet the electricity hedge disclosure regime still yields very little in new pricing information to the market. The individual hedge prices are relatively wide spread and are volatile from month to month. The following chart is published by Energy Link:

Energy Link Electricity Contract Index



The whisker lines in this chart show the wide spread of hedge contract prices each month, despite the availability of ASX prices as a benchmark. In fact, on the basis of this chart, hedge prices do not appear to have a simple relationship with ASX prices.

Gas supply contracts are less standard than electricity hedge contracts; and so non-price features of gas supply agreements are likely to lead to an even wider dispersion of prices than the electricity market. Given the above, it seems unlikely that creating a process to summarise price and volume information from gas supply contracts will provide a significant net benefit to the market.

Q45:	Are there confidentiality issues that would limit this option? Please provide details on any confidentiality concerns.	Pricing arrangement are highly sensitive to both suppliers and consumers. Gas prices to industrial customers are determined on a case by case basis. For example, some consumers are serviced by Nova's own gas pipelines and prices are quoted on a delivered basis. Disaggregating that information is not always simple given different demand volatility and seasonality between customers and the nature of the market for pipeline services as opposed to energy.
Q46:	Should a twelve-month outlook for gas production information ('gas production information') be disclosed under an information disclosure regime? Please provide reasons in your response.	The Annual Summary Report for each mining permit submitted to MBIE includes a yearly production (Gas, LPG, Condensate) profile (2P) for the life of each field in both tabular and graph format. Todd does not recommend that different or longer forecast information be supplied and contends that information should be obtained by interested parties through data currently available. It is noted that a twelve-month outlook for gas production information does not seem to be relevant to the problem of dealing with planned and unplanned outages. Todd would be happy to work with MBIE to consider the accessibility of the information that is already provided to MBIE, this would require separate consultation between MBIE and petroleum licence/permit holders.
Q47:	Do you agree with the advantages that have been identified for this 'gas production information' disclosure option? Have any other advantages been missed or are there advantages that have been listed that mischaracterised?	No. This does not seem to be at all relevant to the key problem, which has arisen due to the Pohokura outage and centres on asymmetry of information on outages which was found by the Electricity Authority was a perceived issue more so than a real one.
Q48:	Do you agree with the disadvantages that have been identified for this 'gas production information' disclosure option? Have any other disadvantages been missed or are there disadvantages that have been listed that are mischaracterised?	Long term gas outlooks can provide misleading information through reservoir and strategic development uncertainty. Increasing uncertainty is directly related to increased time slice of the outlook and any volumes predicted to be added through development or appraisal. This would have a negative impact on the industry through assumed certainty of supply volumes and create a danger of investment based on mistaken assumptions.
Q49:	Are there confidentiality issues that would limit this 'gas production information' disclosure option? Please provide details and any examples.	Generally, due to the bilateral nature of the gas contracts market gas production is a function of the requirements of the contracted buyers. Contracts will likely require customers to provide forecasts of their gas requirements. Many of those contracts to a greater or lesser extent will provide flexibility for

		what gas is purchased on a day. Even if gas demand forecasts are made available under contracts, they are still subject to weekly or daily flexibility requirements. Electricity generators for example may have very flexible contracts and have limited ability to forecast demand accurately due to the nature of the market they operate in. Even parties that may have 'take or pay' provisions are generally not physically required to take gas although they may have to pay for an agreed volume in any case.
Q50:	Should a twelve-month outlook for major users' gas consumption information ('gas consumption information') be disclosed under an information disclosure regime? Please provide reasons in your response.	No comment
Q51:	Do you agree with the advantages that have been identified for this 'gas consumption information' disclosure option? Have any other advantages been missed or are there advantages that have been listed that mischaracterised?	No comment
Q52:	Do you agree with the disadvantages that have been identified for this 'gas consumption information' disclosure option? Have any other disadvantages been missed or are there disadvantages that have been listed that are mischaracterised?	No comment
Q53:	Are there confidentiality issues that would limit this 'gas consumption information' disclosure option? Please provide details and any examples.	Gas supply contracts can include a wide range of terms that can affect the amount of gas that is consumed by a major gas user. This means that it could be difficult to determine if an earlier estimate for expected gas consumption was a realistic assumption or not, i.e. it would be very difficult to establish in arrears if a participant has fully complied with its disclosure obligations, or merely given lip-service to the requirement; without undertaking a full and detailed analysis of its operations and contracts. Such a process would require disclosing to any auditor a whole range of confidential information.

Q54:	Have any publication channels been left out of the identified channel list? Are there channels in the list that should be excluded? Please provide details in your response.	The list excludes market participants' own websites. While there are advantages in centralising such items as planned outages, producers can potentially more easily provide updates on unplanned outages on their own websites and forward information directly to their customers. They also then have more flexibility to add additional information such as indicating if a drop in production at one field is going to be offset by output or purchases from other fields.
Q55:	What do you consider to be the pros and cons of the various options that have been identified and other options that should be considered?	Todd's strong preference is for a single platform, whether that is through utilising an existing platform or using a new platform. We recognise that certain nominations and outage information is going to have to continue to be submitted to OATIS/TACOS. However, we would support another platform being used solely for outages, as long as Todd is not required to resubmit information already provided to OATIS/TACOS onto that other platform i.e. the platform provider should be responsible for collating any such information **Spot traded data:** emsTradepoint should have the right to present its data in the form that it prefers. As commented above, emsTradepoint should be able to retain copyright to its data. This would be consistent with emsTradepoint's commercial incentive in encouraging greater volumes of trade through its exchange. **Price and volume information:** Given New Zealand government's statistical reporting obligations (to the International Energy Agency etc.) any such information should be compiled by MBIE in coordination with Statistics New Zealand. That would minimise the extent of duplication of existing retail data surveys and ensure that the expertise in designing and compiling appropriate data sets resides in a single place. This information also links to MBIE's role in collecting the GSMEE levy. **Production outlook:** The outlook for gas production is already compiled by MBIE on an annual basis. There is minimal value in updating that more frequently unless that is done so voluntarily by market participants, e.g. in announcing a capacity upgrade. Any such information always needs to be released in the appropriate context.
Q56:	Have you got any comments on the benefits analysis?	The benefit analysis would benefit from further refinement, including: • The efficiency benefits appear to be over stated. Sapere associated only 17% of the benefit to improved coordination of planned outages, and as such only 17% of the benefit highlighted by the GIC should be included. There is material uncertainty as to whether the benefits associated

with increased competition and more efficient risk management will be realised in the New Zealand context.

- Increased competition: The NZ wholesale market performed well during the recent outages as according to the TBD Advisory interim report on Gas Sector Governance of 22 March 2019, scarce gas supplies were being allocated to their highest value during the Pohokura event, implying the NZ market is competitive.

- More efficient risk management: Sapere highlighted that these benefits are dependent on the size of the market, as the NZ market is only 30% of the size of Sapere's WA market this benefit needs to be downgraded.

  The analysis assumes that an efficiency benefit would accrue in each and every year regardless of whether or not any events such as the Pohokura outage occurred. There is no evidence of a structural inefficiency in the market due to insufficient information so it seems a stretch that a one-off event such as that experienced should be valued in this way. The last time the market experienced an equivalent upset was the Maui pipeline outage in October 2011. Before that date the only other event of comparable significance was the redetermination of Maui reserves and the consequential outcomes from that process, and again, information disclosure and transparency were not issues that attracted much attention.

- Noting that the 3 major user facilities account for 50% of all gas it would suggest that the majority of the market wouldn't benefit from further information disclosure, the current benefit analysis doesn't reflect this dynamic ·

- Consideration needs to be given to indirect costs. As the NZ gas wholesale market is small it will often be the case that the market price will reflect the commercial drivers of the market participants, rather than the underlying supply/demand fundamentals. As such increasing data disclosure will increase the risk that there is an excessive focus on publicly available data making pricing data inaccurate and excessively volatile. Increased price volatility would be expected to result in less efficient wholesale pricing and increase the cost of trading ·

		- Material concern that data disclosure will reduce the competitiveness of gas users who sell into the international market and result in a loss of value to their New Zealand business · • Better understanding of the cost implications, which in the WA example was between $28 mm and $46 mm over 10 years. · • Note that the Australian markets are typically dealing with growing market where LNG developments are having a material impact on the availability and price of gas. New Zealand is a very different example, where we have stable demand and therefore, a lot of the Australian derived assumption may not be appropriate Price & Volume data: It will be expensive to expand the disclosure much beyond the existing data submitted to MBIE. Given that producers and consumers are both well informed of current market prices in any case, it is difficult to attribute a large benefit from greater disclosure of price and volume data. To provide a comparison, the electricity market is much larger and deeper than the gas market, yet the electricity hedge disclosure regime still yields very little in new information to the market. See example on the Electricity Contract Index in Q 44. Twelve-month projections: The annual production profiles provided by producers and published by MBIE provide the industry with a valuable perspective on the industry's aggregate supply capability. To increase that to more frequent updates is unlikely to significantly increase the benefit to the market, particularly in the context of planned outages already being made available. More frequent updates would however add to producers' costs due to the need to prepare and internally review every release.
Q57:	Could you please provide Gas Industry Co with estimates of your expected costs associated with the implementation and ongoing management of the various information disclosure options? This cost information is important for completing a full cost/benefit analysis.	In the absence of any detail on the different disclosure elements it is very difficult to advise on costs.