

9 December 2019

Gas Industry Company
Level 8, The Todd Building
95 Customhouse Quay
Wellington

Vector Limited
101 Carlton Gore Rd
PO BOX 99882
Auckland 1149
New Zealand
+64 9 978 7788 / vector.co.nz

Submission on Information Disclosure – Problem Assessment

Introduction

1. This is Vector Limited's (Vector) submission on the Gas Industry Company's (the GIC) consultation paper, *Information Disclosure: Problem Assessment*, released on 25 October 2019.
2. We generally agree with the GIC's assessment of the various information elements it identified in the consultation paper and which of these elements should be included in a Statement of Proposal for an information disclosure regime for the wholesale gas sector. We also make a few suggestions for improvement.
3. We set out below our responses to the consultation questions.
4. No part of this submission is confidential. Vector's contact person for this submission is:

Luz Rose
Senior Regulatory Specialist
Luz.Rose@vector.co.nz
04 803 9051

Responses to consultation questions

Q1: Do you have any comments on our approach to the analysis?

5. Vector generally agrees with the analytical approach the GIC adopted for this consultation.

Q2: Have we identified all of the relevant information elements in this list?

6. We believe the GIC has identified the relevant information elements that should be assessed prior to the development of a Statement of Proposal.

Q3: Do you agree with our assessment for gas production outage information? Have we missed aspects of the issue or are there parts that have not been described correctly? Please include details and any examples in your response.

7. Yes, we agree with the GIC's assessment that gas production outage information should be included in a Statement of Proposal.
8. We note the draft *Upstream Gas Outage Information Disclosure Code* (the Code) recently produced by the Petroleum Exploration and Production Association of New Zealand (PEPANZ) on behalf of large upstream gas producers and storage owners. We consider the

Code to be an improvement on current notification arrangements around planned and unplanned gas production and storage outages.

9. We would welcome the immediate implementation of the Code by PEPANZ and the Code's intended signatories. We believe this will deliver timely improvements in the notification of gas production and storage outages. The voluntary nature of the Code means it can be implemented in an expeditious manner. It would be a 'quick win' for the advancement of information transparency and asymmetry in the wholesale gas sector.
10. We recognise the GIC's and gas producers' ongoing initiative of using the GIC website to disclose outage information, which we find useful.
11. We suggest that the GIC consider the above Code, the ongoing voluntary outage disclosures through the GIC website, or a combination of both, as potential options (among others) for the disclosure of outage information. We support a regulated solution as a backstop should these options be proven to be unsustainable in practice.

Q4: Do you agree with our assessment for major gas user facility outage information? Have we missed aspects of the issue or are there parts that have not been described correctly? Please include details and any examples in your response.

12. The GIC "is unsure" whether to include major gas user facility outage information in a Statement of Proposal.
13. In our view, information on planned and unplanned outages that are likely to have a material effect on gas prices on the supply side and/or demand side should be published. Materiality could be determined by a TJ/hour threshold rather than a TJ/day level. This is because restart times for unplanned shutdowns are generally not known with any degree of certainty and can be longer or shorter than one day. We note that the process of publishing this information would not cost much for the relevant parties.

Q5: Do you agree with our assessment for gas storage outage information? Have we missed aspects of the issue or are there parts that have not been described correctly? Please include details and any examples in your response.

14. Yes, we agree with the GIC's assessment that gas storage outage information should be included in a Statement of Proposal.
15. Also see our response to Q3 on the voluntary Code produced by PEPANZ. We consider this initiative to be 'a step in the right direction' in promoting transparency around gas storage outage information. It should therefore be considered by the GIC as a potential option for disclosing this type of information, with a regulated solution as a backstop.

Q6: Do you agree with our assessment for transmission pipeline outage information? Have we missed aspects of the issue or are there parts that have not been described correctly? Please include details and any examples in your response.

16. Yes, we agree with the GIC's assessment and intention not to include gas transmission pipeline outage information in a Statement of Proposal.
17. We agree that industry participants are sufficiently comfortable with the information that is already being disclosed publicly around gas transmission pipeline outages.

Q7: Do you agree with our assessment for contract price and volume information? Have we missed aspects of the issue or are there parts that have not been described correctly? Please include details and any examples in your response.

18. Yes, we agree with the GIC's assessment that contract price and volume information should not be included in a Statement of Proposal, given the commercial sensitivity of this information and the limitations associated with anonymising information from the relevant parties.
19. It is indicated on page 36 of the consultation paper that "Contact and Vector supported disclosure of this information [*referring to contract price and volume information*] in their submissions; however, neither of these parties provided rationale supporting their decisions". The GIC may have misunderstood Vector's position relating to this information. We reiterate our position below, which we expressed in our *Submission on the GIC's Options for Information Disclosure in the Wholesale Gas Sector* (page 1), dated 17 April 2019:

...Given there is already widespread stakeholder recognition of the importance of timely and symmetric access to outage information, prioritising this information will deliver immediate benefits at low cost. It will ensure that this workstream will not be 'bogged down' by **potentially contentious issues associated with other types of information, such as information on volumes and prices.**

Other types of information can be considered in the second stage of this workstream.

[emphasis added]

Q8: Do you agree with our assessment for emsTradePoint price & volume information? Have we missed aspects of the issue or are there parts that have not been described correctly? Please include details and any examples in your response.

20. Yes, we agree with the GIC's assessment that emsTradePoint price and volume information should not be included in a Statement of Proposal.
21. A range of price and volume information is already available through a read-only subscription from emsTradePoint. Parties requiring additional data, or information that is important for their operations, should be willing to pay for such information. Otherwise, emsTradePoint would not be able to recover the cost of providing its services to the market, and other parties intending to provide similar or related services will be disincentivised from doing so in the future.

Q9: Do you agree with our assessment for gas storage facilities information? Have we missed aspects of the issue or are there parts that have not been described correctly? Please include details and any examples in your response.

22. The GIC's view is that inclusion of gas storage facilities information in a Statement of Proposal will depend to some extent on the progress of its discussions with the Ministry of Business, Innovation & Employment (MBIE). These discussions are on the potential publication of information that Flex Gas discloses as part of MBIE's Quarterly Retail Sales Survey.
23. In our view, gas storage facilities information provided to MBIE should be publicly disclosed in a timely manner – whether by MBIE or through the Statement of Proposal the GIC intends to develop. However, the contractual position of the storage facility should not have to be disclosed. We consider the contractual position of a party that operates in a competitive environment to be commercially sensitive and only that party should be able to determine whether to disclose that information or not.

Q10: Do you agree with our assessment for gas production forecast information? Have we missed aspects of the issue or are there parts that have not been described correctly? Please include details and any examples in your response.

24. Yes, we agree with the GIC's assessment that there is no need to include gas production forecast information in a Statement of Proposal.
25. The consultation paper notes that gas producers already provide annual production profile forecast for each gas field to MBIE. We suggest that the GIC add a link on its website to this information located on the MBIE website.
26. The GIC indicated its intention to work with MBIE to understand how the above information can be made available in a timely manner. We support this 'joined up' initiative.

Q11: Do you agree with our assessment for thermal electricity generator gas position information? Have we missed aspects of the issue or are there parts that have not been described correctly? Please include details and any examples in your response.

27. Yes, we agree with the GIC's assessment that thermal electricity generator gas position information should not be included in a Statement of Proposal.
28. The GIC noted its agreement with the Electricity Authority (the Authority) to work together on the Authority's Wholesale Market Information Disclosure project under its 2019/2020 work programme. We support this 'joined up' initiative.

Q12: Do you agree with our assessment for major users' forecast gas consumption information? Have we missed aspects of the issue or are there parts that have not been described correctly? Please include details and any examples in your response.

29. Yes, we agree with the GIC's assessment that major users' forecast gas consumption information should not be included in a Statement of Proposal due to the commercially sensitive nature of this information.

Concluding comment

30. We are happy to discuss any aspects of this submission with the GIC.

Yours sincerely
For and on behalf of Vector Limited



Richard Sharp
Head of Pricing and Regulatory Compliance