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Ian Dempster
Gas Industry Company
Po Box 10646
Wellington

Ben Gerritsen
First Gas Limited
Private Bag 2020
New Plymouth, 4342

Submitted online via GIC website

Re Gas Transmission Access Code

emsTradepoint welcomes the opportunity to provide feedback on the Preliminary Assessment Paper (PAP) of the Gas Transmission Access Code (the Code), published 5 December 2018.

emsTradepoint is a commodity exchange designed to provide transparent pricing and transactional certainty to physical energy markets such as natural gas. Our aim is to develop the market as a sustainable and integral part of the natural gas supply chain through facilitating efficient trading of gas for today and forward delivery.

We have supported the process that First Gas Limited (FGL) followed in developing the Code and we are satisfied that the Gas Industry Company (GIC) has followed a robust process in assessing the PAP.

The second proposed Code has addressed the three significant areas of concern that were identified in the Final Assessment Paper (FAP1) released 25 May 2018.

We have followed the revisions to the draft Code to ensure alignment of Code objectives with emsTradepoint’s gas spot market. We have welcomed the robust discussions in workshops and subsequent stakeholder feedback. We have a positive view of the latest version of the Code, but feel it could be further enhanced with a clear statement from FGL on confidentiality.

Confidentiality – We consider the current draft does not sufficiently ringfence the FGL Commercial operations from its system operations.

FGL needs to ensure confidential information remains confidential. We previously mentioned the Maui Pipeline Operating Code’s section on Confidentiality as having ‘good bones’ that could be incorporated as a schedule to the current GTAC version.

The other example we noted as a robust Conflict of Interest (COI) framework that could be incorporated into the Code is the COI section of the Electricity Industry Participation Code (EIPC). The EIPC sets out the duties and responsibilities that apply to industry participants and the Authority.

The EIPC and related service provider agreements set out conflict of interest protocols for Transpower as System Operator and any of its other participant functions, including Transpower as Grid Owner.
In the EIPC there are several means to manage COI. One that seems very relevant is section 138.5A “Establish a clear division of management and staff roles. This may include the establishment of separate teams that are physically isolated from each other.”

In our view the addition of a confidentiality schedule to the Code would provide a level of comfort that emsTradepoint and several other market participants are seeking.

**Information disclosure** - emsTradepoint has proactively supported information disclosure in the gas industry for some time. We still firmly believe the Code process has missed an opportunity to incentivise a timely information provision to the market for planned and unplanned outages. In our view, timely outage information is essential to support a well-functioning gas market. We note the Government Policy Statement seeks an outcome that ensures the “Efficient arrangements for the short-term trading of gas”.

We also note the Minister of Energy and Resources has written to the GIC expressing concern with the lack of transparency regarding upstream activities. However, we are concerned that the GIC workstream to consider options for addressing this issue won’t be completed until FY2020.

If you would like to discuss any of the above points, please contact me by phone 04 590 7312 or email quintin.tahau@emstradepoint.co.nz.

Yours sincerely,

Quintin Tahau

General Manager emsTradepoint Limited