



Andy Knight
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By email: consultations@gasindustry.co.nz

21 July 2022

Dear Andy,

Feedback on Gas (Facilities Outage Information Disclosure) Rules 2022 Consultation

The Greymouth Gas group provides the following feedback, focused (as requested) on clear drafting and alignment with Gas Industry Company Limited's ("GIC") recommendation to the Minister of Energy and Resources. This is done by commenting on specific clauses in the draft rules.

Clause 5: Interpretation: The term 'customer' is not defined in the draft rules or the Gas Act. The term used (and defined) in the Gas Act is 'consumer'. If 'customer' (in the draft rules) is intended to mean something different to 'consumer' in the Gas Act, it should be defined in the draft rules. However, if it is intended to have the same meaning as 'consumer', then references to 'customer' should be changed to 'consumer'.

Clause 5.2: gas production facility (a): There are three queries with this clause because as defined:

- i. It relates to production stations that produce and process gas, but not metering interconnection points between the domestic export stream/s and transmission pipelines, including upstream feeder pipelines. That will exclude 'outages' at those points. If that is not the intention, GIC must clarify the party with the reporting obligation if there are non-related parties across those asset owners.
- ii. It covers any demand-side facility that processes gas (as feedstock) for domestic export or sale (which, while its characteristics may be transformed, still process that gas). Is the intention to cover the likes of Methanex and Ballance?
- iii. It also covers compressor stations like Mokau that process gas for further downstream export meaning that First Gas Limited, as a gas producer (being a party that supplies gas (via cash-outs) that is transmitted through its pipelines)), is covered by the rules. Is that the intention?

Clause 5.2: gas production facility (b): The second limb of the definition may be too vague. It is not clear whether a (currently) small production facility that has at some point in the past produced or processed 20TJ/d is intended to be captured by the definition. Likewise, production facilities that, in the future, permanently reduce capacity below 20

TJ/d would be captured. Greymouth recommends including a timeframe – such as facilities that have processed a minimum of 20TJ per day in the preceding reporting year.

Clause 5.2: nomination: This should exclude ‘gas producer’ from the definition as the word ‘nomination’ is only used in the rules in respect of gas storage owners.

Clause 5.2: outage: It is not clear whether this is a volume or a capacity test. E.g. ‘a reduction in the gas *able* to be exported’. The distinction is relevant as this is a key operative provision. Further, ‘downstream customer’ is undefined – presumably this relates to end-users rather than mid-stream shippers?

Clause 5.2: planned outage(a): Refer to the comments on clause 15.1 as forecast total production could be indeterminate, which would result in a logic error and no planned outages. One of the benefits of the existing voluntary disclosure code is that it doesn’t define the equivalent of ‘total daily production’, meaning that references to ‘forecast’ in the code are approximate estimates that defer to producers’ purposive judgement. To be operative, Greymouth considers that the legislative clause needs to come up a level to reflect the pragmatic operation of the code.

Clause 5.2: unplanned outage(a): Production (and downstream consumer consumption) is not necessarily forecast for the following week up to a week in advance, and so Greymouth repeats the gist of the points made in respect of the paragraph above.

Clause 8.2: This could be read as requiring gas producers or storage owners to disclose information relating to outages that are below the materiality threshold of 20TJ, if they disclose those outages to a customer, for example under a contractual obligation. Greymouth assumes this is not the intention, and therefore suggests the addition of the following as clause 8.3:

8.3 Nothing in rule 8.2 shall require a gas producer or **gas storage owner** to disclose information about an **outage** that is not a **planned outage** or an **unplanned outage**.

Clause 10: This addition is pragmatic as it is from the perspective of the gas producer or gas storage owner.

Clause 11.1: There are two comments with this clause:

- i. It is not clear when the obligation to report crystallises for an unplanned event that is ‘likely to have occurred’. To avoid confusion or inadvertent non-compliance, this should be made clearer.
- ii. To allow for the potential unavailability of staff with the relevant level of sign-off to process information disclosure outside of business hours, particularly in smaller operators (and recognising employers’ obligations to employees in respect of health and safety, including sleep and time away from work), Greymouth requests that the 12-hour timeframe for reporting be changed to ‘as soon as reasonably practicable thereafter’.

Clause 12.2: Either a definition or some guidance is required on what a ‘material change’ is.

Clause 13.2: Please advise what alternative form and manner GIC is considering specifying? Parties should have to agree with, or be able to perform, GIC's alternative.

Clause 14.3: If GIC has an obligation to provide the electronic platform through which information is supplied (pursuant to clause 13.1), then GIC should have service levels, obligations, and liabilities in relation to loss or damage arising from that system not working properly – or it should contract out that service provision as it has done successfully for various other functions requiring services under legislation.

Clauses 15.1 and 15.2: A gas producer or gas storage owner may not necessarily do forecast daily total production for facilities on up to a year-ahead or even a week-ahead basis (some consumers' production is subject to on-the-day or day-ahead variables), and so what would GIC like those parties to do in respect of this clause?

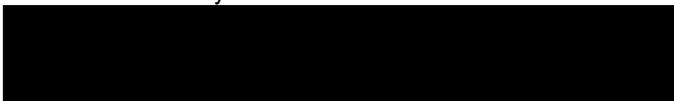
Clauses 18.1: There should be a transitional timing process relating to the first certificate. Presumably correctness is from the director's perspective and epistemology.

Greymouth makes three further comments. First, the circumstances surrounding this work programme – while not up for debate – have not recently involved industry collaboration or workshops that are being called for more and more (but are also not yet forthcoming to the extent requested) to manage the gas transition, and have diverted, and will marginally additionally continue to divert, resource away from more critical operations in the gas transition which gets to investment and human resourcing at a time when both are critical.

Second, the draft rules have evolved out of the voluntary industry code which Greymouth (along with other industry participants) was instrumental in designing. Feedback on the draft rules has been informed by Greymouth's knowledge of the intent behind that voluntary code. If GIC disagrees with Greymouth's feedback, or that of any other participant, Greymouth requests the opportunity to respond.

Third, Greymouth is available to discuss this submission and/or work with GIC on further drafts of the rules. However, it is to be noted that there are other industry consultations and climate change work programmes that are pressing too.

Yours sincerely



Chris Boxall
Commercial Manager