



26 July 2022

**BY EMAIL**

Gas Industry Co  
Level 8, The Todd Building  
95 Customhouse Quay  
PO Box 10-646  
Wellington 6143

**OMV Upstream**

To whom it may concern,

**Dylan Reid**  
Senior Expert Regulatory and  
Stakeholder Management

**Gas (Facilities Outage Information Disclosure) Rules 2022 (the Rules)**

Tel +64 4 910 2500  
Fax +64 4 910 2504

Since early 2019 OMV has engaged in the process to develop improved outage disclosure for gas producers, with the aim of providing the information that the market needs in a way that does not impose unnecessary costs on the gas system. This process has been and continues to be important to ensure public confidence in the gas market, to the benefit of consumers and producers of gas and electricity alike.

OMV New Zealand Ltd  
Level 20, Majestic Centre  
100 Willis Street  
Wellington,  
New Zealand

This letter is OMV's seventh submission to the GIC on the topic of outage information disclosure, we have also responded to a request from the GIC for gas contract information, submitted to the Economic Development, Science and Innovation Select Committee on Gas Act changes related to information disclosure, submitted to the Electricity Authority on thermal fuel disclosures and, most importantly, contributed to the development of a voluntary Upstream Gas Outage Information Disclosure Code 2020 (the Code).

[www.omv.com](http://www.omv.com)

OMV considers that the Code has significantly improved market information for participants and that the costs to producers to implement have been acceptable. OMV supports the large extent to which the Rules draw on the previous work in the Code.

In relation to the proposed Rules OMV makes the following three proposals for modification:

**1. Disclosure of additional information**

The proposed Rule 8.2 states:

*Where a gas producer or a gas storage owner discloses information about an outage to a customer that exceeds the information required to be disclosed under these rules as to content or timing (or both), the gas producers or gas storage owner must ensure that the information disclose to the customer is disclosed to the public at the time that the disclosure is made."*

Rule 8.2 is similar to the requirements in the Code. However, the Code modifies the requirement by stipulating that "specific operational, technical or other information required by the contract counterparty" is not necessary to disclose.

The absence of such a modification to the above Rule may unintentionally require disclosure of very high levels of technical information to the market. For example, we are aware that gas contracts exist where a customer has a right to investigate

the cause of a Force Majeure event that has interrupted their contracted supply of gas. This contractual right protects the customer against erroneous Force Majeure claims from the seller. Such investigations can be quite detailed and reveal high levels of technical and confidential producer information.

OMV does not believe that it is the intent of the Rules to capture and make public such detailed information. If disclosing detailed technical information in relation to an outage was intended (e.g. as per the Force Majeure example above) then it would have been a more substantial topic of engagement in previous consultations.

Rather, the Rules specify the types of information that the market expects to see, namely estimates of the timing, impact, and duration of outages and Rule 8.2 should be modified to ensure that the market receives only this information concurrently when it is supplied to a gas customer. Failure to modify Rule 8.2 risks unintended consequences related to the flow of (non-market sensitive) information between gas suppliers and customers and risks imposing significant cost on producers.

## 2. Production Forecasts

Production forecasts are an important part of the Rules as they form the basis against which planned and unplanned outages are assessed:

***planned outage means... a quantity of 20 TJ or more per gas day measured against the average of the gas producer's forecast daily total production over the 14 gas days immediately preceding the expected start of the outage***

***unplanned outage means...any reduction in daily total production from that gas production facility caused by an outage of that facility compared against the average of the gas producer's forecast daily total production for the following week in respect of that facility, for the period including that gas day, in a quantity of 20 TJ or more;***

However, in the above definitions it is not clear which forecast should be used. The planned outages are required to be updated quarterly which implies the forecasts are required to be updated at least that frequently. Forecasts for monitoring and compliance are required annually so perhaps that annual forecast is the intended baseline. However, OMV is of the view that the right basis for disclosure is the producer's most recent forecast (for unplanned outages this should be the week-ahead nominations, as per the Code).

In OMV's submission on the Statement of Proposal in September 2021 OMV suggested:

*It is important to note that while the annually updated forecast will be useful for high-level operator and industry analytics, the assessment of both planned and unplanned outages by operators for reporting purposes should be done against more recent forecasts within the year (e.g. week ahead for unplanned outages and the most recent planned forecast), consistent with the aim of providing the most relevant market information.*

We reiterate the above comment from the OMV Statement of Proposal submission and would support amendments to the rules to clarify the forecasting basis for disclosures, particularly for planned outages.

## 3. Disclosure Timing

The proposed Rule 12.1 requires quarterly disclosure:

*within 10 business days of 10 January, 1 April, 1 July and 1 October each year*

OMV typically provides planned outage disclosure information to the market before these dates to align reporting requirements with when customers typically receive outages information. To minimise additional reporting requirements (with no added information benefit), OMV proposes that Rule 12.1 be updated to:



*no later than 10 business days after 10 January, 1 April, 1 July and 1 October each year*

Thank you for the opportunity to provide feedback on the Gas (Facilities Outage Information Disclosure) Rules.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Dylan Reid", written over a light grey rectangular background.

**Dylan Reid**