

4th March 2021

To: Andrew Knight
Gas Industry Company
PO Box 10-646
Wellington 6143

via email: consultations@gasindustry.co.nz

Dear Andrew

RE: Draft Statement of Proposal: Gas Production and Storage Facility Outage Information

emsTradepoint welcomes the opportunity to submit on the Draft Statement of Proposal: Gas Production and Storage Facility Outage Information.

emsTradepoint is a commodity exchange designed to provide anonymity, transparent pricing and transactional certainty to physical energy markets such as natural gas.

A well-functioning and efficient gas market is one in which participants can make informed decisions based on full and relevant information disclosure.

For this reason, we support regulation under the Gas Act to implement information disclosure obligations. Our responses to the consultation questions are attached to this letter.

Yours sincerely,



Quintin Tahau
General Manager
emsTradepoint Limited



Draft Statement of Proposal: Gas Production and Storage Facility Outage Information

Submission prepared by: emsTradepoint Limited

Question		Comment
Q1	Do you agree with the regulatory definition? Please provide reasons supporting your views.	<p>emsTradepoint (emsTP) agrees with the regulatory definition.</p> <p>Section 2 is concise in setting out the legislative framework and requirements and Section 3 draws heavily on work already completed by Gas Industry Company (GIC) (i.e. problem assessment and analysis of submissions and next steps) which thoroughly analysed the issues.</p> <p>The wording 'for all gas and related market participants' is very appropriate, as it recognizes the impact of thermal reserves on the wider energy system and the security of New Zealand's energy supply as a whole.</p>
Q2	Do you agree with the information disclosure options for gas production and storage facility outage information that have been identified? Please provide reasons for your views.	<p>emsTP agrees with the information disclosure options for gas production and storage facility outage information that has been identified.</p> <p>The Sapere report identifies the two available options. Their report, and the GIC's assessment of these two options in their paper, is very thorough and the options have followed the process prescribed in the Gas Act.</p>
Q3	Are there other options that you think should be considered in this process?	emsTP does not consider any other options are needed.
Q4	Do you agree with our assessment of the Upstream Gas Outage Information Disclosure Code 2020 as an option for achieving the regulatory objective? Please provide supporting arguments for your views.	<p>emsTP agrees with the assessment of the Upstream Gas Outage Information Disclosure Code 2020 as an option for achieving the regulatory objective.</p> <p>Section 5 is an extensive and detailed assessment of the 'Upstream Gas Outage Information Disclosure Code 2020'. We also commend the upstream companies for their work in developing and subsequently supporting this voluntary code.</p> <p>We agree with the findings of the Sapere report and GIC assessment that consistency and enforceability</p>

		<p>are deficiencies that cannot be overcome with a voluntary code alone. For this reason, we support the introduction of regulation to develop robust information disclosures.</p>
Q5	<p>Do you agree with the design of this regulatory option? Are there parts of design that require amendment? Please provide supporting information in your response.</p>	<p>emsTP agrees that a specific, rules-based approach is the appropriate form for production and storage facility outage information disclosure.</p> <p>As GIC mentions in S 6.2, the New Zealand wholesale gas market is small, and so the required framework will need to have some 'flex'. The process to make changes should be relatively simple to enable this flexibility.</p> <p>Incorporating suitable parts of the Upstream Disclosure Code and strengthening other parts to address perceived deficiencies is a practical solution.</p> <p>To ensure the final product is fit for purpose, we propose a trial period or a firm commitment to review the initial regulation in a timely manner (e.g. within 3 years of adoption).</p>
Q6	<p>Do you agree with our conclusion that the most practicable means for implementing information disclosure arrangements for gas production and storage facility outage information is to implement them within a framework of regulations (and/or rules) under the Gas Act? Please provide supporting arguments in your response.</p>	<p>emsTP agrees with the GIC conclusion that the most practicable means for implementing information disclosure arrangements for gas production and storage facility outage information is to implement them within a framework of regulations (and/or rules) under the Gas Act.</p> <p>This is a natural fit, especially in light of the Gas (Information Disclosure and Penalties) Amendment Bill, the purpose of which is to strengthen the regulation-making powers in the Act to provide for enhanced information disclosure requirements for the gas market and to ensure that settings around enforcement and penalties are suitably robust.</p>