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TRUSTPOWER SUBMISSION: DRAFT STATEMENT OF PROPOSAL: GAS PRODUCTION AND STORAGE FACILITY OUTAGE INFORMATION

Introduction and overview

- 1.1.1 Trustpower Limited (**Trustpower**) welcomes the opportunity to provide a submission to the Gas Industry Company (**GIC**) on its Draft Statement of Proposal: Gas Production and Storage Facility Outage Information consultation paper (**the Consultation Paper**).
- 1.1.2 We understand that the main intentions of the Consultation Paper are as follows:
- a) To assess the costs of undisclosed outages.
 - b) Analyse whether the current voluntary provisions are sufficient.
 - c) Create a draft design for a regulated approach; and
 - d) Compare the effectiveness of the regulated approach to the status quo.
- 1.1.3 Trustpower strongly supports the establishment of a regulated requirement for the disclosure of information relating to gas storage and production outages.
- 1.1.4 While we appreciate the work gas producers have undertaken to establish the current voluntary disclosure arrangements, we consider this solution is unlikely to be enduring.
- 1.1.5 In particular, we consider that:
- i) There is a strong linkage between events in the gas market and electricity market outcomes. This is likely to be of growing concern as market power further concentrates in the gas sector and gas continues to be required to meet demand in the electricity market, setting market prices¹. Ensuring a close focus on competitive outcomes eventuating in the gas market will be critical for ensuring good outcomes for both electricity and gas market consumers.

We note that the Electricity Authority's code requires that any information held that has a material impact on wholesale electricity prices must be disclosed. Given that the gas market outcomes can materially impact outcomes in the wholesale electricity market,

¹ As noted by MBIE in their briefing to the incoming Minister of Energy and Resource (2020): “[D]omestic oil and gas production is increasingly becoming concentrated among a smaller number of companies, who are likely to maximise the value from existing fields and infrastructure. These types of market dynamics may affect the availability and pricing for consumers of natural gas before they transition to other energy sources.”

we believe that it is appropriate that similar requirements should be established for gas industry participants, i.e. mandatory disclosure requirements which are actively monitored and enforced by the regulator.

- ii) An industry solution is only appropriate as a temporary measure - This is because there is a risk that, without an independent compliance regime, when the profitability of withholding information is sufficiently large that information disclosure will not occur. Trustpower remains concerned that the current voluntary arrangements will likely fail at a time when they are needed the most to deliver the best outcomes for end customers in both the gas and electricity. This will reduce the confidence that all participants have in the markets.

1.1.6 Note that this view remains consistent with our previously stated position in our submissions on the information disclosure options paper, the information disclosure problem assessment and most recently during the levy consultation.

1.1.7 For any questions relating to the material in this submission, please contact Craig Schubauer on 021 816 830

Regards,

A handwritten signature in black ink, appearing to read "C. Schubauer".

Craig Schubauer
Wholesale Market Manager