**SUBMISSIONS TEMPLATE**

**Information Disclosure: Problem Assessment**

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| Question | Comment |
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| *Q1: Do you have any comments on our approach to the analysis?* | *Non-regulatory options*<br>We support how consultation paper acknowledges that "consideration must be given to whether the problem(s) can be satisfactorily addressed by non-regulatory means" (p11). This principle is driven by section 43N of the Gas Act.<br><br>*Costs*<br>As the Gas Industry Company is aware, PEPANZ and major gas producers have been devising a disclosure code over the past six months. Planning for disclosure has shown that there certainly are costs, but it is not until companies starting going through the process that the costs are truly identified.<br>Compliance costs are often hard to quantify as the cost will be dependent on:<br>• the threshold for disclosures,<br>• the speed and frequency at which disclosures are made,<br>• the level of detail required,<br>• and how automated the disclosure process is.<br><br>Additional costs would be incurred if:<br>• internal resourcing does not have spare capacity or authority to make disclosures. This will be of particular concern if disclosures are required to be made during weekends or at night,<br>• disclosures require a level of detail (or at a sufficient low threshold) that is not captured by an organisation's planning schedule,<br>• Integration with the disclosure platform is challenging,<br>• a principles-based approach is adopted (versus a bright line rules-based approach)<br><br>Feedback from developers in regards to development of an upstream disclosure platform has highlighted that even an 'off the shelf' platform takes a substantial amount of resource (and therefore cost) from a developer to set up. Although some shortcuts can be taken to save on set up costs this would be offset by increased costs for those inputting data into said platform (because a cheaper platform can be assumed to be less user-friendly). A simple, easy to use intuitive platform for disclosures would go some way to minimising the cost of compliance by enabling, for example, control room operators to make disclosures in the field. |

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| *Q2: Have we identified all of the relevant information elements in this list?* | It is essential to distinguish between information which may be critical to the functioning of the market, and other information which may simply be commercial interest to a competitor. With that framing in mind, outage information is indeed important for a well-functioning market because it allows others to plan in advance, and also informs the market about the likely duration and size of an outage that has occurred.<br>By contrast, some information is not essential and is more of general commercial interest but not appropriate or necessary for a functioning market, particularly:<br>• price and volume information,<br>• storage facilities injection information, and<br>• major users' consumption forecasts. |
| *Q3: Do you agree with our assessment for gas production outage information? Have we missed aspects of the issue or are there parts that have not been described correctly? Please include details and any examples in your response.* | 1. The current consultation paper states that the earlier Options Paper "commented that both planned and unplanned outage information is generally not disclosed publicly." This statement must be considered alongside the remarks on page 11 which describe the process that PEPANZ, alongside OMV, Todd Energy, Greymouth Gas, Beach Energy and Flex Gas have established to devise an upstream/storage gas outage disclosure code. This code is being developed to promote consistent and timely disclosure of outage information, and is informed by the view that outage information can be important for the wider energy and petrochemical sector.<br>2. We support a voluntary, industry-led option because it is a simple and low cost solution, and can be amended with ease over time to ensure the framework is achieving the intended purpose. Gas producers have a strong interest in the framework being satisfactory to gas users and other stakeholders, fully aware that a regulatory intervention sits there as an option if a voluntary solution is not working. It is our intention to see producer accede to this code in the near future and to hold an independent review after 12 months to assess its performance. We consider it most appropriate, and in line with the spirit of the Gas Act, to give this voluntary framework some time to be judged on its effectiveness, and not to recommend regulations in advance of that.<br>3. We respond to the paragraphs on page 18 of the consultation document, which say:<br>PEPANZ's submission noted that upstream parties' knowledge of outages across the upstream sector can enable coordination of plant maintenance. Similarly, OMV remarked that outage information regarding other producers may assist its own outage and contingency planning. Potential benefits of this coordination include improved scheduling of the workforce involved in planned outage projects and the ability to stagger planned outage projects between fields so that multiple fields are not out at the same time.<br>**These submissions indicate that there may be some efficiency benefits to upstream parties from knowing the timetables for each other's planned outages.** It follows that the absence of this information may mean that parties operations are less efficient than they otherwise could be.<br>4. The emboldened point above appears to be based on a misinterpretation of PEPANZ's submission. PEPANZ, in remarking about how outage disclosure "can enable coordination of plant maintenance", was attempting to acknowledge that downstream plant maintenance could be coordinated with upstream outages. We concur with OMV's point that upstream |

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| | | outage disclosure allows upstream outage planning, but make the important note that the upstream petroleum operators already share information about upcoming outages at forums such as the (now renamed) Taranaki Energy Forum and Joint Petroleum Operators' and Regulators' Forum. |
| Q4: | *Do you agree with our assessment for major gas user facility outage information? Have we missed aspects of the issue or are there parts that have not been described correctly? Please include details and any examples in your response.* | We do not consider that there is significant merit in requiring mid and downstream information disclosure, as it would not improve market efficiency but would have negative commercial consequences on downstream users (especially Methanex)<br>It would be unfair to the sector to have exemptions or special treatment for certain firms, so we consider it to be better to not regulate for this disclosure at all.<br>We understand that the Australian regime requires quite comprehensive disclosure of information, but we do not consider that wholesale adoption of the Australian model is appropriate. |
| Q5: | *Do you agree with our assessment for gas storage outage information? Have we missed aspects of the issue or are there parts that have not been described correctly? Please include details and any examples in your response.* | Gas storage operator FlexGas intends to accede to the outage disclosure code that is under development. As per comments above in relation to gas producers, we consider it appropriate to give this voluntary framework some time to be judged on its effectiveness before moving to regulatory options. |