

16 July 2020

Economic Development, Science, and Innovation Select Committee
Parliament Building
Wellington

Gas (Information Disclosure and Penalties) Amendment Bill

We welcome the opportunity to submit on the Gas (Information Disclosure and Penalties) Amendment Bill. We support the proposed changes to the regulation-making powers.

This submission is from Transpower as system operator and its subsidiary business emsTradepoint. Both entities would be subject to the disclosure requirements proposed in the Bill.

The system operator is responsible for managing the real-time power system and operating the wholesale electricity market. The system operator forecasts resource adequacy (fuel availability and generation capacity) for timeframes of one day to five years, assesses the impacts of transmission and generator outages and alerts industry when insufficient generation is available to meet forecast electricity needs. The system operator's resource adequacy assessment needs to account for unplanned outages and planned outages (that are not known in advance) that can materially impact gas supply.

emsTradepoint is a commodity trading exchange which provides anonymity, transparent pricing and transactional certainty to the natural gas market. A well-functioning gas market is enabled by market information – subject to commercial confidentiality as appropriate - being available in a timely manner. emsTradepoint considers that timely and accurate information will reduce the likelihood of large price shocks to the market.

We agree that amendments to the regulation-making powers are necessary for gas governance on matters that may have a significant downstream impact on, or may contribute to, the risk of critical gas shortage. We support the regulatory making powers for disclosure of:

- production and storage outages (proposed section 43F(2)(e)); and
- market information (proposed section 43F(2)(f)).

We also support the Gas Industry Company Limited making use of the powers and developing a regulated outages disclosures regime. While the Petroleum Exploration and Production Association of New Zealand has created an interim voluntary Code for publishing gas industry outage information, the risk remains that not all producers will abide by a voluntary approach. In our view, regulation is more appropriate for continued confidence in New Zealand's energy security.

Finally, we also support the provisions of the Bill that would treat any actions towards new gas governance regulations as being made under the provisions the Bill proposes (clause 5 – new section 3A and Schedule 1AA).

However, we consider the Bill could be strengthened by including regulation-making powers that address the accuracy of any disclosed information. The disclosed information could be subject to standards for accurate provision, ranging from a “best endeavours” approach for forecast outage information through to an audit requirement¹ and monitoring by the Gas Industry Company Limited.

¹ Any audit requirement would need to be appropriate to the information provided. For example, any audit of unplanned outage information should be *after* the fact.

Similar powers of monitoring and/or auditing of information are provided in other disclosure regimes, including section 53C(3) of the Commerce Act 1986 and section 188(3) of the Telecommunications Act 2001.

Any empowering provisions could potentially also include the ability for the Gas Industry Company Limited to investigate the disclosure, following monitoring or a complaint (as is provided through the undesirable trading situation under the Electricity Industry Participation Code 2010).

Both Transpower and emsTradepoint support the Bill. We do not wish to be heard.