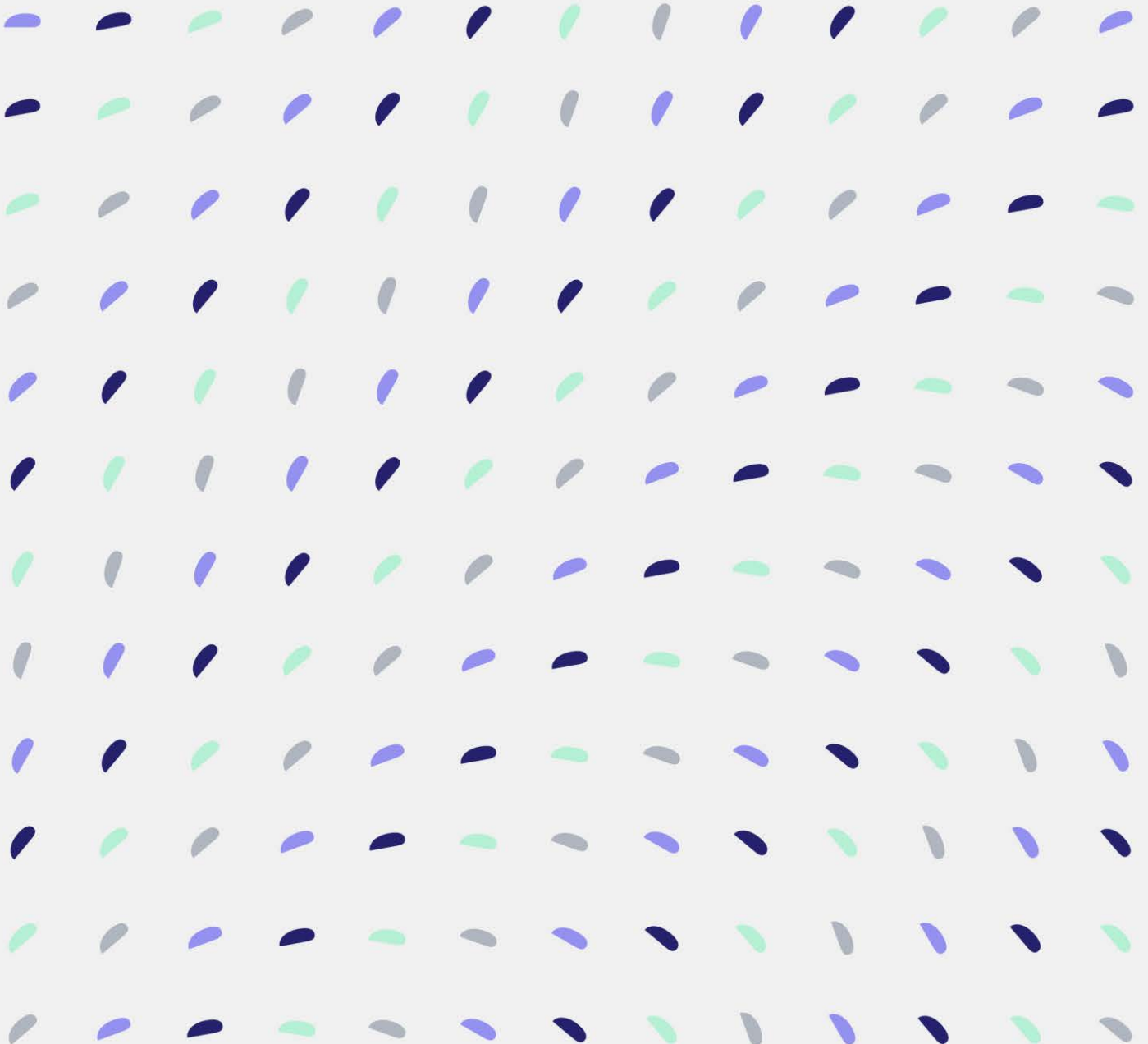


Submission on MBIE's proposals on Improving the Transparency of the Gas Market

CLARUS SUBMISSION





1. Submission on MBIE's proposals on Improving the Transparency of the Gas Market

Thank you for the opportunity to submit on the Ministry of Business, Innovation and Employment's (MBIE) proposals paper titled *Improving transparency of the gas market*. There is no confidential information in this submission.

Clarus is a group of energy infrastructure businesses. MBIE's proposals are of most relevance to our Firstgas, Flexgas and First Renewables businesses.

- Firstgas owns and operates the entire gas transmission system and is the third largest gas distribution business.
- Flexgas owns and operates the Ahuroa gas storage facility, New Zealand's only underground gas storage facility. Flexgas does not own the gas stored in the facility; it provides storage services to contracted gas owners.
- First Renewables has a variety of interests in renewable energy development. Its interest in developing renewable gas production is directly relevant to MBIE's proposals.

This submission was delivered via email to gasconsultation@mbie.govt.nz

2. Overview

MBIE propose to collect the following information from conventional gas producers:

- Changes to estimated reserves, including project maturity
- Quarterly, rather than annual, updates to gas production forecasts including underlying assumptions
- Reasons for actual gas production varying from forecasts
- Weekly, rather than monthly, updates to actual gas production
- Contracted gas supply and five-year drilling plans.

Furthermore, MBIE propose to collect the following information from other parties:

- Gas retailers and sellers to provide contracted gas supply information and weekly, rather than monthly, reporting of actual gas usage and pricing
- Renewable gas producers to provide "regular" reporting of actual gas production
- Private pipeline owners to, weekly, provide gas pipeline capacity and flows (and combining this with existing data from open access pipeline owners).

MBIE also allude to possible improvements in its own speed of publication, without making any specific proposals for such improvements.

Overall, we are supportive of MBIE's proposals. We wish to highlight that:

- The Commerce Commission and the gas pipeline businesses it regulates are all reliant on timely, accurate forecasting of gas supply; **cost-effective proposals that improve the data available to forecasters are very welcome**. The more accurately our Firstgas transmission business can forecast gas demand, the less price volatility gas users experience.
- Better availability of data underpins MBIE's objectives, but that achieving improved understanding and certainty is also reliant on providing insight. **MBIE should plan to augment its reporting so that security of supply is easily understood by all stakeholders.**

Our detailed responses to the questions posed by MBIE in its proposals paper are set out in the following appendix.



Appendix A: Clarus responses to MBIE questions

The following table set out our responses to MBIE's consultation questions.

MBIE question	Clarus responses
Q1: Do you agree with the issues outlined above? Please explain why or why not.	Yes - gaps in MBIE and Gas Industry Company (GIC) datasets clearly exist. We agree that, in general, there will be market, regulatory and policy benefits from improving the datasets for gas reserves, gas production and private pipeline information. However, it may not be cost-effective to attempt to fill every gap. Each proposal will need to be judged on its individual merits.
Q2: Is a lack of information or out-of-date information impacting your ability to make informed decisions about gas use? Please provide examples.	<p>Yes, though our decisions are rarely about our own gas use. Our Firstgas businesses need to make decisions about gas pipeline pricing. An important input into these decisions is the expected volumes of gas conveyed through our transmission pipelines. Furthermore, our gas businesses are often interested in optimising investments; the activity and prospects of gas production are important for predicting asset use.</p> <p>We encounter four sources of difficulty impacting our ability to make informed decisions:</p> <ol style="list-style-type: none">1) Gas production forecasts are slow to be published. The length of time MBIE takes to publish information received is the notable constraint on our ability to use the latest data in forecasting gas transmission pipeline volumes.2) Gas production drilling plans (and associated changes) are not readily examined.3) Contracted supplies of gas are rarely visible.4) MBIE's estimated price of gas for industrial customers is only available as including Methanex. This makes it harder to understand the pricing most industrial gas consumers are actually exposed to.
Q3: Do you agree with the objectives we have proposed for these changes? Please explain why or why not.	Yes. While MBIE's list was complete, we consider that MBIE could have given more emphasis to the importance of monitoring competition. This is particularly important if the gas sector is heading towards fewer producers and retailers.
Q4: Do you agree that the information we propose to request will help improve gas market transparency? If not, why not?	Yes.
Q5: Is there any other information we should request that would help improve gas market transparency?	No.
Q6: If your organisation would use the information outlined in the Proposals Paper, are there any proposals that would be of particular value to your organisation? If so, which ones and why? For instance, would	<p>Yes. See our answer to Q2.</p> <ul style="list-style-type: none">- Gas production forecasts published at least quarterly is valuable. Understanding the reasons for actual production varying from forecasts is also valuable for our ability to accurate price pipeline services.- Contracted gas supplies and drilling plans (and changes to both) are useful for assessing investments that support the gas industry (pipelines, storage, gas services).



MBIE question

Clarus responses

contextual information about reserves and forecasts be useful?

Q7: Do you agree with the items that we do not propose to request?

Yes.

Q8: Do you agree with our decisions on which information to publish and which not to publish? If not, which information should we, or should we not, publish?

Yes.

Q9: What are the challenges and costs of providing the additional information we propose to request? You may respond to as many items as you wish.

No comment.

Q10: What are the risks (if any) if we publish the additional information from gas producers?

No comment.

Q11: Any other comments not covered by the questions above?

Yes. MBIE should develop a plan about any new datasets it could create based on raw data (see also our response to Q20). In particular, we consider MBIE should implement reporting of competition measures (such as the Herfindahl-Hirschman Index, Concentration Ratios and retail margins) for gas production and retail.

Q12: Do you agree that the information we propose to request will help improve gas market transparency? If not, why not?

Yes. However, we are not convinced that MBIE's proposal to collect renewable gas production volumes will be of beneficial. We expand on this in our response to Q19.

Q13: Is there any other information we should request that would help improve gas market transparency?

No.

Q14: If your organisation would use the information above, are there any proposals that would be of particular value to your organisation? Why is that?

Yes.

We are encountering increasing calls for better decomposition of gas pricing. Stakeholders want to be able to understand what the contributions of pipeline pricing (and therein, accelerated depreciation¹) are as compared to energy pricing and other contributing costs. A recent Firstgas submission to the Commerce Commission² highlighted that two of the NZX-listed gas retailers have seen significantly increased retailing margins despite rising network tariffs.

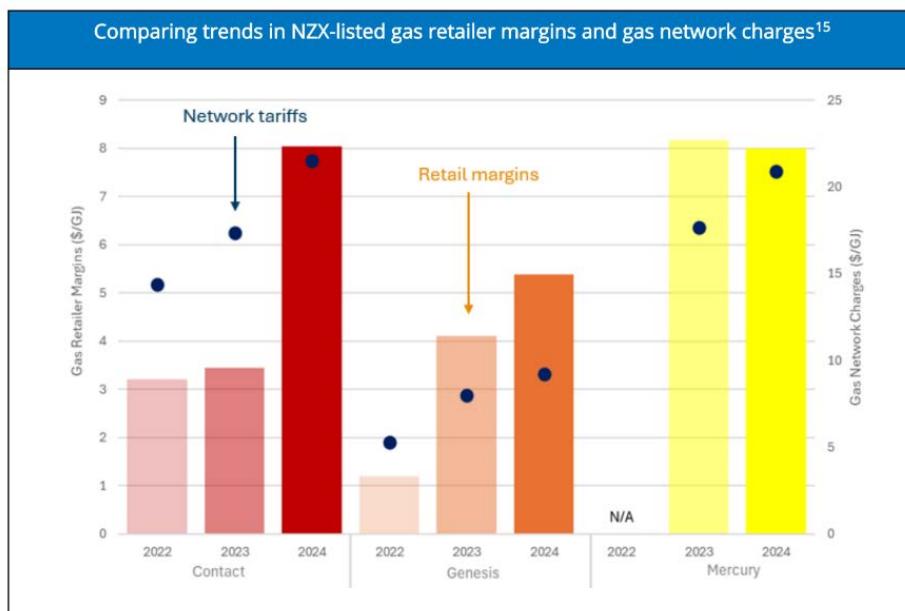
¹ Firstgas, Powerco and Vector made a joint cross-submission to the Commerce Commission analysing the impact of accelerated depreciation on overall gas pricing. This was prompted by concerns raised by other stakeholders. The cross-submission and its appendix are available from <https://www.comcom.govt.nz/assets/Documents/2026-gas-default-price-quality-path/Firstgas-Powerco-Vector-Cover-letter-Cross-Submission-on-Issues-Paper-14-August-2025.pdf> and <https://www.comcom.govt.nz/assets/Documents/2026-gas-default-price-quality-path/Firstgas-Powerco-Vector-Attachment-A-Impact-of-AD-on-bills-prepared-by-GIFWG-14-August-2025.xlsx>

² Available from https://www.comcom.govt.nz/assets/pdf_file/0034/367774/Firstgas-Submission-on-Gas-DPP4-Issues-paper-24-July-2025.pdf



MBIE question

Clarus responses



Q15: Do you agree with our proposal to not request contract information for stored gas?

Yes. MBIE noted the information currently published about stored gas. We note that our Flexgas business is also subject to the Gas Industry Company's Gas (Facility Outage Information Disclosure) Rules 2022. This means any of Flexgas' planned outages are visible to all stakeholders ahead of time and unplanned outages (and expected restoration times) become visible on-event.

Q16: Do you agree with our proposal to publish all of the requested information? If not, which information should we not publish?

Yes.

Q17: What are the challenges and costs to provide the information we propose to request? You may respond to as many items as you wish.

No comment, though our response to Q19 is also relevant here.

Q18: What are the risks (if any) if we publish the additional information from the wider gas sector?

No comment.

Q19: If you are a renewable gas producer, what would be the costs and implications of having to report on your production volumes?

MBIE has not been specific about the data it proposes to collect. We recommend that MBIE should obtain data only for renewable gas injected into a pipeline owner's network.

This will be a cost-effective solution as it will align with metering and commercial requirements. Furthermore, MBIE will be able to collect this data centrally in the case of injection into the open access pipelines. Data on gas injected into Firstgas' transmission system is available on the Open Access Transmission Information System (OATIS). We believe GIC will have data on gas injected into any open-access gas distribution pipelines (once that occurs). As such, MBIE should only request data directly from renewable gas producers if they are



MBIE question

Q20: Any other comments not covered by the questions above?

Clarus responses

connected to a private pipeline. MBIE should establish data feeds from OATIS and GIC (or GIC only) that will reflect metered export of renewable gas.

We note that the existence and timely availability of good data are necessary but not sufficient factors toward achieving MBIE's objectives (efficient decision-making, level-playing field, government monitoring/advice). In order to improve achievement of those objectives, MBIE needs to find ways to turn data into insight.

The supply of gas in New Zealand is already a hotly debated topic. Official datasets and security of supply metrics will help a broad range of stakeholders (and especially journalists) to understand the significance of any particular data point and have the means to put it in context.