



Information Gathering proposal

2 February 2012

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Rationale

- The availability of information is fundamental to efficient and competitive gas markets, especially those based on private ownership, and those with features such as monopolies and constraints.
- Better information will lead to a clearer understanding of market operations, allow more efficient decision making, and enable better development of voluntary and regulatory solutions.

How did this proposal arise?

- Gas Industry Co experienced difficulties in accessing, or accessing in a timely fashion, information to allow it to perform its role under the Gas Act.
- Minister asked Gas Industry Co to establish a process for investigating private pipeline access disputes.
- Assessment of current and likely future issues for gas industry e.g. transmission pipelines, private pipelines, insolvent retailers.
- Statement of Proposal sets out number of options.
- Preferred Option = last resort regulatory framework

Options and Assessment of Options

Assessed options against qualities for good regulation making as set out in MED's Code of Regulatory Practice and other characteristics used by MED as part of its review of the Commerce Act 1986

Key

- ✘ does not satisfy criterion
- ✓ satisfies some aspects of criterion
- ✓✓ completely satisfies criterion

	Option	Status Quo	Reliance on other agencies	Industry agreed protocol	Case-specific Rules	Regulatory Framework
Quality						
Efficiency		✘	N/A	✘	✓	✓✓
Effectiveness		✘	✘	✘	✓	✓✓
Transparency		✓	N/A	✓ or ✘ (depends on arrangement)	✓	✓✓
Clarity		✘	N/A	✓ or ✘ (depends on arrangement)	✓✓	✓✓
Equity		✘	✘	✘	✓	✓✓
Regulatory certainty		✓	✘	✘	✓	✓✓
Regulatory accountability		✓	N/A	✘	✓	✓✓

Preferred Option – ‘last resort’ regulatory framework

Regulations to be made for the purpose of settling particular issues in the gas industry.

Gas Industry Co does not have a general power to require information to be provided and this is not permitted by the Gas Act.

This approach would:

- Avoid a proliferation of separate disclosure rules.
- Ensure consistent processes were followed for collecting, storing, and using information.
- Shorten the time between identifying a need for information and being able to obtain that information.
- Be likely to alter the incentives for industry participants to hold out.
- Include clear parameters to information collection and use.

Framework for Regulations

- Allow Gas Industry Co issue an information request to one or more industry participants
- Will rely on enforcement powers of the Compliance Regulations to collect that information if it is not provided.
- Clear Consultation process to be followed
- Triggered by failure of voluntary process
- Process for requesting information
- Industry participant may protest request
- Compliance

Detail of regulation

- Regulations to include checks to ensure that :
 - Gas Industry Co has shown good reason to seek information
 - industry participants will not be overburdened by information requests
 - information received will be handled in an appropriate manner
 - Will only be able to require information on limited issues

Next Steps

- Submissions due on Statement of Proposal 17 February 2011
- Publish submissions analysis March 2012
- Develop draft regulations for industry consideration (workshop – March/April)
- Aim to have regulations in place by September 2012