



Our ref: ENNZ –C/WS/003280

9 April 2020

Quintin Tahau
General Manager
emsTradepoint Limited
Waikoukou
22 Boulcott Street,
Wellington, 6011
(by email to: supportdesk@emstradepoint.co.nz)

Dear Quintin

Response to emsTradepoint Force Majeure Consultation.

OMV New Zealand Limited (OMV) welcomes the opportunity to respond to the aforementioned emsTradepoint (eTp) Force Majeure Consultation. As a foundation supporter of eTp, we note the rapid growth that eTp has gone through since inception but also believe that with this growth comes an ongoing need to continue to look at ways to evolve the product to fit current and future conditions.

Regarding this consultation, we make the following comments:

1. We are generally supportive of the introduction of on-the-day (OTD) Force Majeure into the eTp Market Rules. We think this will better align the market with what already occurs in bilateral GSA's. In addition, market flows can already be influenced by pipeline curtailment, and as such, the introduction will allow for a more orderly and transparent response to any such Force Majeure Event.
2. We note that in the limited cases we have seen of an eTp Force Majeure Event, and indeed, when the eTp market is impacted by pipeline curtailments, impacted participants themselves have generally reset shipping nominations at the next ID cycle. While in our own experience of such Events, it is useful to have the option of both a participant led adjustment and the pipeline driven curtailment, we acknowledge that this may not be appropriate or practical for eTp. To best fit with market operations, we would favour changes aligned with ID cycle timing.
3. In line with any Event driven changes aligning to ID cycles, it would seem more appropriate for Participants to retain the obligation to manage changes in nominations in OATIS.
4. Our preference is that all trades entered into prior to a Force Majeure Event are considered in the calculation of shortfall quantities. This will more closely align with what would happen if an Event was to occur under a bilateral GSA and if a pipeline curtailment occurred.
5. With regard to the timing of any notice, we make two comments. Firstly, we prefer to keep it simple by allowing notification until the earlier of ID cut-off time and market closure (relevant in the case of the ID4 cycle). We note that the nature of such OTD Force Majeure Events means that the Participant considering calling an Event will likely be aware of the possibility that there

OMV Upstream

OMV New Zealand Ltd
Level 20
The Majestic Centre
100 Willis Street
Wellington, New Zealand

Registered Office:
Level 20
The Majestic Centre
100 Willis Street
Wellington, New Zealand

www.omv.com

might be a quantity shortfall for a period leading in to any decision deadline. To reduce the possibility of further pipeline driven curtailments, they will likely have the incentive to provide timely notice to allow nominations to rebalance. Second, we note that in the Market Rules, the current cut-off time for DA Force Majeure Events is 4:30pm. We propose that this cut-off time be extended to 5:30pm, aligning it with the OTD cut-off.

6. Lastly, we think that the introduction of this change will increase the occurrence of FM Events being notified on eTp. A high proportion of our own Force Majeure Events impact nominations only OTD. To ensure the ongoing credibility of the market, we suggest that the market compliance committee does review a proportion of Events at random.

Please contact me in the first instance if you wish to discuss this reponse in any further detail.

Yours sincerely

A handwritten signature in dark ink, appearing to be 'Warwick Small'. The signature is fluid and cursive, with a long horizontal stroke that curves upwards at the end.

Warwick Small
Gas Sales and Trading, OMV New Zealand