

Investigation of an alleged breach of the Electricity Industry Participation Code 2010 by Genesis Energy Limited

On 17 January 2019, Haast Energy Trading Limited (Haast Energy) reported to the Electricity Authority (Authority) that it believed on reasonable grounds that Genesis Energy Limited (Genesis) had breached clause 13.2A of the Electricity Industry Participation Code 2010 (Code).

On 1 November 2018 and 19 December 2018, Genesis received gas forecasts from OMV New Zealand Limited regarding Pohokura gas field's expected limited supply between February and April 2019 to repair a well head. Haast Energy believed that under clause 13.2A, Genesis was required to notify participants that its thermal generating units would be affected.

On 27 June 2019, the Authority appointed Alex Ehlert under regulation 12 of the Electricity Industry (Enforcement) Regulations 2010 (Regulations), as investigator to investigate the alleged breach.

Under regulation 16 of the Regulations, the investigator must promptly notify the industry participant alleged to have breached the Code of the allegations that it is investigating.

On 1 July 2019, the investigator notified Genesis of the investigation.

Under regulation 17 of the Regulations, at the same time as the investigator sends a notice under regulation 16, the investigator must publicise the information about the matter under investigation, including the content of the notice given under that regulation. This notice publicises the information about the matter under investigation, and a copy of the notice given under regulation 16 is attached.

Any participant who considers that it is affected by the matter being investigated, and who wishes to become a party to this investigation, should notify the investigator within 10 working days after the date on which this notice is published.

The investigator's contact details are:

Alex Ehlert
Senior Investigator
Electricity Authority
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NOTICE UNDER REGULATION 16 OF THE ELECTRICITY INDUSTRY (ENFORCEMENT) REGULATIONS 2010

Date:	1 July 2019
Addressee:	Genesis Energy Limited (Genesis)
Subject:	It is alleged that Genesis was required to disclose the effect of gas forecasts received from OMV New Zealand Limited (OMV) about Pohokura gas field's limited supply between February and April 2019.
Investigator:	Alex Ehler, Senior Investigator, alex.ehler@ea.govt.nz (appointed investigator under regulation 12 of the Electricity Industry (Enforcement) Regulations 2010 (Regulations)).
Notifying industry participant:	Haast Energy Trading Limited (Haast Energy)
Clause allegedly breached:	<p>Clause 13.2A of the Electricity Industry Participation Code 2010.</p> <p>Clause 13.2A(1) requires a participant to make all disclosure information in relation to the participant readily available to the public, free of charge, as soon as reasonably practicable after becoming aware of the information, unless an exception under clause 13.2A(2) applies.</p>
Circumstances of alleged breach:	<p>On 1 November 2018, Genesis received a gas forecast from OMV about Pohokura's availability. The forecast included a planned well head repair from 7–15 February 2019, resulting in a halving of the available gas supply. The timeframe was subject to change, depending on when an offshore rig would arrive in New Zealand.</p> <p>On 19 December 2018, OMV updated Genesis on the gas forecast including information on Pohokura's available capacity. Genesis did not receive any further updates from OMV until 13 January 2019 when OMV publicly announced major planned outages of Pohokura between February and April 2019 to undertake the repair work.</p> <p>OMV did not provide the exact duration and timing of the planned shutdown periods for the repair work because they were subject to operational and weather related impacts.</p>

Date of alleged breach:
<ul style="list-style-type: none">From 1 November 2018 onwards
<p><i>Please note, under regulation 16 of the Regulations, you are obliged to respond to this allegation, in writing, to the investigator within 10 working days of receipt of this notice (unless the investigator allows, in writing, a longer period).</i></p> <p><i>Please provide your response by return email to the investigator.</i></p>

Include the following in your response:

Whether you believe you have breached the Code

Whether there is another provision you consider more accurately describes the nature of the event

A full explanation of the circumstances surrounding the alleged breach

Identification of any information provided in your response that you consider confidential and that should not be included in the investigator's report under regulation 19 of the Regulations (regulation 15(2) of the Regulations).