Regulations under a Fuel Industry Bill and other matters - Have your say

Introduction

* 1. **Name (first and last name)**

[redacted]

* 2. **Email**

[redacted]

* 3. **Is this an individual submission, or is it on behalf of a group or organisation?**

☐Individual
☒On behalf of a group or organisation

* 4. **Which group do you most identify with, or are representing?**

☐ Iwi or hapū
☐ General public
☐ Environmental
☐ Local government
☐ Research institute / academia
☐ Industry or industry advocates
☐ Central government agency
☐ Other (please specify)
☒ Fuel importer or wholesaler
☒ Fuel retailer
☐ Large fuel user
☐ Other fuel sector stakeholder
☐ Oil and gas sector
☐ Consultant, financial services etc

*5. **Business name or organisation (if applicable)**

Mobil Oil New Zealand Limited (Mobil)

*6. **Position title (if applicable)**

[redacted]

*** 7. Important information about your submission (important to read)**

The information provided in submissions will be used to inform the Ministry of Business, Innovation and Employment's (MBIE's) work on *Regulations under a Fuel Industry Bill and other matters*.

We will upload the submissions we receive and publish them on our website. If your submission contains any sensitive information that you do not want published, please indicate this in your submission.

The Privacy Act 1993 applies to submissions. Any personal information you supply to MBIE in the course of making a submission will only be known by the team working on the *Accelerating renewable energy and energy efficiency*.

Submissions may be requested under the Official Information Act 1982. Submissions provided in confidence can usually be withheld. MBIE will consult with submitters when responding to requests under the Official Information Act 1982.

We intend to upload submissions to our website at www.mbie.govt.nz. Can we include your submission on the website?

☒ Yes

☐ No

* 8. **Can we include your name?**

☐Yes

☒No

* 9. **Can we include your organisation (if submitting on behalf of an organisation)?**

☒Yes

☐ No

10. All other personal information will not be proactively released, although it may need to be released if required under the Official Information Act.

Please indicate if there is any other information you would like withheld.

Commercially sensitive information within this document has been redacted for public release.

Regulations under a Fuel Industry Bill and other matters - Have your say

Areas you wish to provide feedback on

The *Regulations under a Fuel Industry Bill and other matters* discussion document seeks feedback on proposed content of regulations under a Fuel Industry Bill and on options for a regulatory backstop to be included in a Fuel Industry Bill at a later date. The document is divided into four sections:

- **Introduction**
- **Wholesale fuel markets**
- **Consumer information**
- **Information disclosure and monitoring**

You are invited to provide feedback and respond to questions in as many, or as few of the sections as you would like, depending on your interests.

Section 2 on wholesale fuel markets seeks feedback on a number of proposed aspects of wholesale market regulation. The section seeks feedback on the content of regulations in the following areas:

- Terminal gate pricing
- Regulating terms in wholesale contracts
- Dispute resolution processes for wholesale markets

Submissions on these proposed regulations together with feedback on consumer information and information disclosure and monitoring are sought by **5pm, Friday 25 April**.

Section 2 also includes a section for feedback on a regulatory backstop regime to be included in legislation at a later date. Submissions on the issues specifically relating to a regulatory backstop are sought by **5pm, Friday 29 May**.

Introductory Statement

This document is intended for public release.

1. Given the prevailing uncertain economic environment caused by the COVID-19 pandemic, and its concerns with regard to potential unintended consequences caused by the implementation of the Fuel Industry Bill (the Bill) and its corresponding regulatory framework, Mobil Oil New Zealand Limited (Mobil) considers that the Government should not implement the proposed Bill in its current form.

2. Mobil is New Zealand's oldest oil company, with predecessor companies having first established a presence here in 1896.

3. Mobil has been a leading supplier of fuel to the New Zealand market for more than 120 years, and as an organisation is extremely proud of the work it does to ensure New Zealand's fuel needs are met.

4. Mobil believes that the recent COVID-19 pandemic highlights the importance of a resilient fuel industry to New Zealand's economy more broadly.

5. Mobil, along with other industry participants, has been able to respond effectively and efficiently to the complex environment arising from the impacts of the COVID-19 pandemic.

6. As a lifeline utility, Mobil's continued operation throughout the seven-week lockdown period enabled other essential New Zealand businesses and services to continue their operations with confidence, and the hard work of Mobil personnel, and many others who support and maintain the Mobil-branded service station network and the organization more broadly, ensured a safe and secure fuel supply amid heightened uncertainty and apprehension.

7. It is important in making any changes to the structure of the liquid fuels sector that this resilience is preserved.

8. The New Zealand fuels industry requires long-term investments in land, equipment and infrastructure to ensure the reliable and safe supply of fuels to both its wholesale and retail customers. Mobil remains committed to investing in the New Zealand retail fuel market where it is appropriate.

9. Since 2012, Mobil has spent more than NZD$200 million across its operations to ensure a safe and secure supply of high-quality fuel products to New Zealanders.

10. Mobil looks to make a reasonable return on both the fixed and working capital it has employed in supplying both its retail and wholesale customers, and the ongoing and future investments required to continue to meet market demand and grow its business.

11. Similarly, Mobil prides itself on providing Mobil Synergy fuels through its network of Mobil-branded service stations. Mobil Synergy fuels include scientifically engineered additives that can improve an engine's overall performance, reduce emissions and deliver improved fuel economy to Mobil customers.

12. Mobil is committed to workable competition, and to actively competing in all markets in which it operates. Mobil believes its presence in the New Zealand fuel market delivers, and will continue to deliver, positive outcomes for New Zealand customers and consumers.

13. At service stations where Mobil sets the fuel price, it is extremely focused on providing a competitive price to the consumer.

14. In light of the changes to the retail and wholesale fuel markets proposed in the Fuel Industry Bill (the Bill) and included in the Ministry of Business, Innovation and Employment consultation paper, Mobil remains very concerned that some of the proposed changes will bring to fruition the unintended consequences to which Mobil has previously given warning.

Unintended consequences from the proposed legislation will reduce competition

15. During consultation with the Commerce Commission, the Minister of Energy and Resources, and MBIE, Mobil has repeatedly warned of the risk that some of the legislative changes proposed will bring about unintended consequences that will result in reduced competition, and negative outcomes for New Zealand consumers. These unintended consequences are likely to mean that New Zealand consumers do not see lower retail fuel prices eventuate.

16. Given the prevailing uncertain economic environment caused by the COVID-19 pandemic, and its concerns with regard to these unintended consequences, Mobil considers that the Government should not implement the Bill as it is currently proposed.

17. These potential consequences include but are not limited to:

    i. An overall reduction in wholesale market competition that will flow through and reduce competition in the retail market.

    ii. Utilising a TGP regime to enforce a spot market onto locations where there are no market conditions that would support such a market as they exist in jurisdictions where a spot market exists, such as Sydney (i.e. where there is insufficient scale for it to be effective, where there is no large industry terminal to support spot market volume, where there is no high-volume single customer to underpin distribution costs, and where there is an existing refinery supply chain). Enforcing such a market will undermine supply chain security and efficiency by further reducing investment incentives (particularly in low volume terminal locations when margins are low), which may result in participants exiting markets where there is no incentive, resulting in less choice and therefore increased costs to consumers.

    iii. That any reduction in wholesale fuel prices will not necessarily flow through to the retail market as the Government intends, as there is no guarantee that distributors will pass on any reduced costs to consumers.

Terminal Gate Pricing regime

18. Mobil considers that the proposed Terminal Gate Pricing regime (TGP regime) is not a workable model in the format proposed in the Bill.

19. While Mobil is supportive of a TGP regime that operates in the manner that follows the Australian model, it stresses that there is not a sufficient spot market in New Zealand to support the “must-supply” obligation proposed, or the minimum prescribed volume, nor is it likely that such a market is workable given New Zealand’s prevailing market conditions. The reasons for this are set forth in *15.ii* above.

20. Mobil believes a TGP regime should instead operate on a “best endeavours” basis, and that it should apply only to unadditised RON 91 and diesel.

21. A must-supply obligation, combined with an enforced minimum weekly prescribed volume would require terminal operators to increase their minimum stock holding based not just on the amount held by the terminal operator, but on all fuel importers who participate in the national shared inventory arrangement.

22. If based on the proposed minimum prescribed volume of 30,000 litres per week, terminal operators would be required to hold 90,000 litres per grade available at that particular terminal per week (diesel, RON 91, and potentially RON 95 and RON 98), to account for fuel held at that terminal by other participants in the national shared inventory arrangement.

23. Peak efficiency is achieved within the national shared inventory arrangement by maximising the working capacity of the national storage, enabling larger and less frequent replenishments. Applying a minimum

stock holding effectively reduces the working capacity of storage by raising the lower operating limit to maintain that minimum stock holding.

24. Discharge into a particular terminal is based on national inventory, and shipping schedules are optimised to account for terminal inventories approaching a minimum operating band. Depending on demand, a prescribed minimum amount could require an increase in shipping schedules, which would build additional cost into the system that would be incorporated into the Terminal Gate Price (TGP).

25. Mobil considers that this may result in an increase in terminal coordination events. This would weaken supply chain resilience, in direct conflict with the Government's stated objective to ensure an efficient fuel supply chain and improve fuel supply chain resilience.

26. Mobil considers that any additional costs that come as a result of the implementation of a TGP regime should be ring-fenced to the TGP, rather than being passed on to term commercial customers, or distributors, and this may result in a TGP that is unpalatable to any potential spot customers, and therefore undermines the workability of the TGP regime.

Regulatory backstop

27. Mobil considers that enforcing a cost build-up model (based on Mean of Platts Singapore (MOPS)[1]), and any corresponding regulatory backstop based on such a model, is not an accurate or relevant pricing model for wholesale customers or term customers who have no means to access MOPS pricing, nor does it provide "transparency".

28. In addition to this, Mobil does not believe it is possible to calculate a "live", transparent MOPS-based pricing build-up that can be accurately compared between importers, as each importer has a different supply chain model, and a different pricing mechanism.

29. Ultimately, as with any market-driven environment, fuel market participants in both the retail and wholesale markets must compete with each other on the basis of the price to customer. The other option is where the price is set by a third party, such as Government.

30. Mobil considers that, if MOPS pricing methodologies are deemed to be transparent and all wholesale prices are subsequently benchmarked to a corresponding TGP or TGP-less-discount model, this has the potential to remove competition from the wholesale market completely as it will essentially enforce a benchmark margin.

31. Such a pricing methodology would undermine fuel importers' proprietary pricing mechanisms and may result in predatory pricing, where a fuel importer with market monopoly at a particular terminal may lower its prices to below cost in order to undermine attempts by other retailers or importers to compete in that market.

32. Similarly, this raises questions as to whether the Government intends to implement a benchmarked margin within the regulatory backstop at locations at risk from such an occurrence. Mobil believes this if this is applied, it may further undermine incentives for infrastructure investment and market innovation.

33. A hybrid of market-driven pricing and third party price setting will engender confusion within the market, create opportunities for gaming, is unlikely to fulfil the commercial needs of either importers or wholesale customers, and will not benefit consumers.

34. Such an approach will weaken all aspects of the New Zealand fuel market, including but not limited to supply reliability, resilience, investment, confidence, cost and competition. Mobil also considers that this will engender cynicism, in particular around the Government maintaining its tax base.

35. This, combined with proposed changes that would build inefficiencies into the system, will increase the cost to consumer, not reduce it.

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[1] Mobil notes that MOPS is a proprietary product published by Platts, and is available only through subscription.

Conclusion

36. Mobil considers that several of the issues that the Commerce Commission New Zealand identified within the prevailing market conditions in its Retail Fuel Market Study are a direct result of their decision to approve Z Energy Limited's purchase of Chevron New Zealand's Caltex service station network and associated supply infrastructure in 2015.

37. Mobil raised concerns at the time that such issues may arise through the Commission's authorising the establishment of a dominant market player who holds infrastructure monopolies in several locations, and Mobil believes those concerns have since proven correct.

38. Under the proposed changes, MBIE may further enable Z Energy to capitalise on its assets, which would undermine the intention of the proposed changes, which are to enhance competition, not stifle it.

39. The intention of the proposed Bill is to increase competition in the wholesale market by reducing barriers to entry by potential market entrants. The Bill in its current form actively encourages a low wholesale margin environment, which will depreciate the value of supply and storage infrastructure, reduce the incentive to invest in or build such infrastructure. This will erode the appeal of the market to any potential entrant.

40. Finally, Mobil would also like to highlight that, given the impacts of COVID-19 on its business operations, its ability to provide clear, concise and valuable feedback has been diminished.

41. Due to the potential negative outcomes that may result from some of the proposed regulations, Mobil considers that MBIE and the Government should consider delaying implementation of a suitably amended Bill and any corresponding regulatory regime, so that these potential negative outcomes can be appropriately considered.

42. Based on this, and given the prevailing uncertain economic environment caused by the COVID-19 pandemic, Mobil considers that the Government should not implement the proposed Bill in its current form.

Wholesale markets

Terminal Gate Pricing

1	Should fuel products other than regular 91 grade petrol, premium 95 grade petrol and regular diesel be subject to the TGP regime, for example, aviation and marine fuels, or premium 98 grade petrol? Please give reasons.

43. Mobil considers that only unadditised RON 91 and diesel fuel grades should be included in any Terminal Gate Price (TGP) regime. Based on the Commerce Commission's assessment of the retail fuel market, these fuel grades are considered to be homogeneous across the market, on an unadditised basis. Mobil considers that purchases of RON 95 and other premium fuel grades are not driven by value, but rather are driven by product quality, and as such there are different purchase drivers for premium fuel grades.

44. Mobil considers that any measures to manage the cost of premium fuel products should therefore occur within the retail market, rather than the wholesale market.

45. [redacted]

46. [redacted] Mobil considers that other market participants who wish to trade in RON 98 could similarly invest in their own storage infrastructure.

47. Mobil notes that the aviation and marine fuel markets were not in the scope of the Commerce Commission's Market Study into Retail Fuel, and operate in a fundamentally different manner to the domestic retail and wholesale ground fuels markets, as outlined below. As such, there is no appropriate assessment to support their inclusion in a TGP regime.

48. Per *Paragraph 62.a* of the MBIE consultation document, the Government has already agreed that commercial end customers not be included in the proposed wholesale contracts provisions, and given much of the supply infrastructure surrounding the aviation and marine fuels markets is directed at commercial end users, Mobil questions the relevance of including this infrastructure in a TGP regime.

49. While there is an existing spot market for marine fuels, this is heavily driven by logistics and supply chain management, and it is unlikely that its inclusion in a TGP regime would provide any material benefit to marine fuel customers. [redacted]

50. With regard to the aviation fuels market, Mobil notes that any loss of control for the Jet fuel supply chain, in terms of implementing a spot market through TGP, could have negative consequences for overall supply chain resilience. This is because a TGP spot market would undermine supply security for airline customers serviced at Auckland airport, a key consideration in their supply agreements. Mobil has made its position clear with regard to this throughout its participation in the Government Inquiry into the Auckland Fuel Supply Disruption.

51. A separate assessment of measures to enhance competition and allow for potential new entrants is currently being conducted by the participants in the jointly-owned fuel infrastructure into Auckland airport.

52. Mobil considers that incorporating these changes into additional fuel markets would not provide any material benefit to New Zealand consumers, rather they would add additional complexity by enforcing a spot market that would require investment in additional storage by the existing participants, not to mention complex and expensive organisation by TGP customers to actually take delivery of these products, and this would actually increase costs to consumers.

53. A TGP regime should not be considered a substitute for enduring long-term supply agreements, which will remain the preference for many customers, including distributors, because they provide security of supply and/or price. Likewise, the removal of terminals from the national shared inventory arrangement and creating a reliance on TGP (i.e. by providing shorter supply terms and lower guaranteed volume), rather than allowing participants to place product in each other’s terminals, will reduce supply reliability and competition in remote, lower volume regions of New Zealand.

54. Mobil considers that MBIE should also be mindful of terminal owners refusing to offer long-term supply agreements in favour of TGP. Such an occurrence could result in a lack of supply security in a particular region (especially where that terminal owner holds a monopoly). The impacts of such an occurrence could have serious ramifications for resilience in an environment where there is no obligation to supply beyond those outlined by MBIE in *Paragraph 48*, plus *de minimis*.

2	If the regime should apply to other fuel products, what are the standards used by industry for defining these fuel products?

55. As per Question 1, Mobil considers that only unadditised RON 91 and diesel should be included in any TGP regime. However, if premium grades are also included in the proposed TGP regime, Mobil considers that it should then extend to all ground fuels, including biodiesel.

56. Mobil considers that biodiesel should be included given the Government presumably wants to encourage greater market penetration of such products.

3	Should there be a notice period for changes in the TGP price during a day?

57. Mobil considers that any advance notice of a price movement could constitute price signalling in breach of the Commerce Act 1986, which could substantially lessen competition within a TGP environment.

58. In a dynamic and workably competitive market, price changes should not be signalled to the market before they occur, particularly in an environment where price signalling could impact a publically listed company's stock value.

4	Do you have any comments on how terminal gate prices should be set and publicly posted?

59. Mobil considers that the market participants should set the price in a free market environment. Such a basis would enable Mobil and other TGP regime participants to respond to the market quickly, efficiently, and competitively. It would also ensure that there is an equilibrium between a sensible price to consumer and the ability of importers to secure sufficient return to ensure continued investment in New Zealand’s fuel supply chain, and to ensure long-term market viability.

60. If the New Zealand Government chooses to follow the Australian TGP model, there are multiple methods utilised to post a terminal's gate price. This could be done via a proprietary website for the terminal operator, via a single-purpose phone number (the method utilised by Petrochina in Australia), or via another method that is easily accessible to customers and the public.

61. Mobil notes that participants in the national shared inventory arrangement could post multiple product prices at a particular port, based on product being held a multiple terminals.

62. For instance, Mobil may have three separate TGPs across available product grades in Wellington, based on inventory being held at three terminals there (those terminals being owned separately by Mobil, Z Energy Limited and BP New Zealand Limited).

63. Mobil considers that, if the Government's objective is to improve the transparency of wholesale prices across New Zealand, it should consider implementing an all-of-industry repository where the public can access the entirety of national TGPs in a single place. Due to competition concerns, Mobil considers that this could not be an industry initiative, and due to commercial sensitivities should be managed by an appropriate government agency. This would provide a consumer-friendly solution, however it should be set up sensitive to market dynamics (i.e. acknowledging that prices can change at short notice).

64. Mobil can confirm that ambient temperature is the industry accepted price basis for both retail and commercial sales, and considers that the price comparison basis for TGP sales set forth in *Paragraph 37* of the consultation document are acceptable, as follows:

    a. fuel product on an ambient temperature basis
    b. expressed in cents per litre
    c. must not include additional amounts imposed for or in relation to an additional service provided with that fuel

5	Is the prescribed minimum of 30,000 litres per week to one retailer or wholesaler appropriate?

65. Mobil considers that the must supply obligation should not apply to one retailer, but rather to a company's inventory at a particular port. What has been proposed in the MBIE consultation document is not what the Commerce Commission recommended in its final Market Study report, as it sets a prescribed minimum amount per retailer/per grade rather than per terminal.

66. Mobil notes that a per retailer, per grade prescribed minimum would have a direct impact on TGP product costs, as this would require increased storage to accommodate. Mobil considers that such a cost would be incorporated into the TGP, as it would create an un-drawable layer of product in the inventory. Mobil notes that, a higher prescribed minimum would increase the storage cost (via ullage costs and increased shipping schedules), and this may undermine the viability of any TGP regime. The alternative to this is additional tankage investment, which similarly increases TGP costs.

67. Mobil believes any TGP regime should be based on a "best endeavours" basis, rather than a "must supply" obligation, as the basis for most refusals will be "on the grounds that the available fuel is required to meet the wholesale supplier's own supply and/or term contracted supply", on the basis that the customer is unwilling to pay the advertised TGP, or on the basis that the customer does not meet the other "reasonable grounds for refusal".

6	Should the prescribed minimum be able to be changed, or varied? For example, could the prescribed minimum be different for different storage facilities, given some terminals supply larger fuel volumes than others?

68. [redacted]

69. Different terminals have unique product turnovers and ullages, so a uniform prescribed minimum is not feasible or workable.

7	Should there be any additional grounds for refusal, such as the quantity demanded being below a de minimis amount, or reasons of force majeure? If you consider there should be, please suggest a de minimis amount or identify which force majeure reasons should apply.

70. Mobil notes that any refusal to supply is likely to be driven by the grounds outlined in Mobil's response to Question 5.

71. Additionally, terminal operators must have discretion whether to supply a potential customer, which makes a pre-certification process critical for any TGP transaction. Terminal Access Agreements are an important tool to communicate minimum requirements and expectations around high hazard operations such as tank truck loading.

72. Terminal Access Agreements cover a broad range of matters, including (but not limited to): truck and equipment safety standards; driver training and competency verification; safe loading procedures; terminal security; environmental; rights of suspension and termination; expiry; transfer of title and risk; distribution of liability; insurance; and indemnities. Terminal Access Agreements are negotiated between the Terminal Operator and customer and, as such, need to be established as part of a pre-certification process.

73. A large range of factors already go into screening a potential customer, particularly from a health and safety and product quality perspective, and given the potential repercussions across a terminal's customer base, this should not be jeopardised in favour of a single customer.

74. Mobil considers that a suitable *de minimis* amount should at the very least be one full load of a compliant fuel tanker truck. However, given that storage infrastructure is not uniform, Mobil considers that a company-specific, terminal-specific approach is required in this instance.

8	We seek your feedback on whether occupational, health and safety requirements and creditworthiness could be determined on the day TGP supply is sought with minimal impact on the customer or the wholesale supplier? If not, is it necessary to specify a pre-certification process with potential terminal gate customers in advance to allow an efficient assessment of whether these grounds for refusal have been met.

75. Given the high level of detail required from a TGP applicant in a pre-certification process, Mobil considers it would not be feasible or practical to provide same-day certification for a TGP customer, and this could in fact have serious safety repercussions.

76. A huge amount detail is required in order to safely fill a delivery vehicle: it is not just a matter of the customer. A terminal operator must also vet the delivery vehicle and driver to ensure they are have adequate training and are appropriately inducted onto a terminal site, most of which are designated Major Hazard Facilities and must therefore meet specific duties relating to process safety. For an indication of timeframes, Mobil notes that it can take up to two weeks to appropriately induct a driver into a single terminal.

77. The timeline for this process would vary from customer to customer, depending on their circumstances. Terminal operators must have a right to refuse access on a case-by-case basis if its requirements are not met.

78. However, once this pre-certification process had been completed, Mobil considers that the ongoing process would be relatively straightforward provided all requirements are met.

9	What other standard terms and conditions should be prescribed for sales by a wholesale supplier for the TGP at the storage facility?

79. Mobil believes that, in addition to creditworthiness, a TGP regime should be based on a cash-on-delivery model. Terminal owners should not be expected to provide unsecured credit to intermittent or single transaction customers.

80. [redacted]

10	Please provide comments on any other matters related to the terminal gate pricing regime.

81. The TGP regime, as proposed by MBIE, is an unworkable model that will undermine the cost efficiencies of the national shared inventory arrangement and various joint venture operations that reduce costs

and benefit New Zealand consumers. Mobil believes the proposed model will have repercussions for supply security within New Zealand.

82. Imports of crude oil, to be refined locally, and imported refined product, are scheduled many months in advance, based on expected demand for that period. Neither the domestic wholesale fuel market, nor the domestic retail market, have sufficient scale to support a competitive spot market. Enforcing a spot market "must supply" obligation where there is no demand will result in an increase in terminal coordination events and may lead to scenarios where service station stock-outs and potentially terminal stock-outs become a regular occurrence.

83. Mobil notes that the Commerce Commission Market Study, and the MBIE consultation document, have made several comments about the terminal coordination process, with regard to who should get priority under terminal allocation. Mobil considers that terminal owners should be given priority in such an event, followed by term customers, then pre-certified TGP customers, and finally by new customers.

84. Mobil would like to highlight that a terminal moving to coordination does not necessarily indicate a product shortage, rather it is a proactive mechanism to manage an anticipated low point in the product inventory system. This can occur individually or on a joint basis. It is not in anyone's interests to restrict supply.

85. Moving to coordination enables the participants in the national shared inventory system to actively manage the national inventory to avoid a shortfall as they arrange imports of supplementary stock. It is not utilised as a means to restrict supply to a particular market, rather it reflects the potential consequences of a supply shortage at a single terminal on the wider national inventory (i.e. if one port has short supply, moving other ports to coordination prevents other ports from being stocked out).

Regulating terms in wholesale contracts

11	Should either or both of the TGP or an industry-recognised price reporting agency’s price based (MOPS or equivalent) pricing methodologies be deemed to be transparent pricing methodologies?

86. Mobil believes that a MOPS-based pricing methodology will not provide a workable model for contractual wholesale terms, and the ultimate determinant of any customer’s decision making in the trading environment proposed will be price-driven.

87. Mobil goes into further detail with regard to this in its response to Question 36.

88. Ultimately, fuel market participants in both the retail and wholesale markets must compete with each other on the basis of the price to customer.

89. Mobil considers that a MOPS-based build-up would become a default price-setting regime, and if that is the case the Government should also provide a benchmark margin for the wholesale fuel market.

90. Mobil considers that this would effectively remove all competition from the process. Such an environment will disincentivise innovation and efficiency in the wholesale market, because the cost is passed on to the customer.

91. Mobil considers that the existing free-market environment provide adequate transparency, as it is driven by a supply and demand scenario that actively encourages innovation and efficiency.

92. While TGP creates a level of transparency, price is still the ultimate determinate, not the build-up. A pricing model should not therefore be overly prescriptive, as it will add complexity to a very small part of the market (given most wholesale customers will continue to prefer term contracts due to the supply security it provides them).

12	Should any other pricing methodology be deemed a transparent pricing methodology?

93. Mobil considers that a free market can effectively determine a fair price in that market.

94. As the end cost is likely to be driven by the market anyway, Mobil considers that a free-market pricing model encourages investment and efficiency.

95. If the Government wishes to foster a trading environment that encourages investment, there needs to be sufficient margin to cover that investment. It cannot expect greater terminalling investment in an environment where the margin does not allow for such investment.

13	Should there be any other reasonable exceptions?

96. Mobil considers that the major components of the supply cost are already covered per above.

14	What cost elements of a deemed pricing methodology should be itemised?

97. Mobil considers that, if the Government chooses to mandate the itemisation of elements in a cost build-up model, a simple cost-build up formula would include MOPS (volatile) and other landed costs, a terminal rate (stable), and freight (based on an average), although the exact details of such a formula would be proprietary and commercial sensitive.

98. It will be very difficult to work out a margin without basing it on assumptions (which are commercially sensitive), and are unlikely to affect customer behaviour within a TGP regime that is driven by competitive pricing.

99. Mobil believes that a better methodology would be for terminal operators to publish a TGP, and a third party to publish landed costs and estimated calculated margins.

100. Mobil notes that Hale and Twomey currently calculate an average import landed price in real time, and utilise that to calculate an active estimated retail margin via the New Zealand Fuel Price Monitor. Mobil understands that MBIE already has access to this data.

101. Mobil considers that it is not feasible for it to calculate a live TGP based on an itemised cost-build up model.

15	What would be an appropriate prescribed period after which distributors can terminate their wholesale fuel supply contracts?

102. Mobil considers that contract duration should be determined between parties collectively, as part of regular contract negotiations. Long term, exclusive supply agreements often lead to additional support that is fostered by a mutually beneficial relationship.

103. Removing the potential for long-term and exclusive supply agreements means that a supplier cannot support a distributor in the manner currently offered (such as through volume rebates).

104. The proposed changes will drive a market that is transactional rather than relationship-driven.

105. Enabling a customer to break its supply contract after a prescribed period will either limit contract duration for parties who want the benefits of long-term contracts in excess of the proposed five-year

period (including but not limited to financial support, and certainty of supply over a long period), or a situation where a supply agreement could be broken and where the supplier does not receive the returns presumed under the initial contract.

106. Mobil considers that initial contract terms should be seen out, and the parties are then free to negotiate.

107. A move by one party to terminate a contract early will erode trust and confidence in that party's long-term business relationships.

108. Indications from most distributors that Mobil supplies indicate that they prefer certainty of supply over the requirement to regularly negotiate contracts that may not give them the outcome they are seeking.

109. Mobil considers that a sensible approach is needed, and that if one party chooses to extend the terms of a contract length beyond the prescribed 5-year period where the Bill allows for that contract to be broken, the distributor should be required to either meet the volume expectations of that contract, or be required to pay liquidated damages.

110. Mobil also considers that distributors should be provided with reasonable access to certainty of supply in their supply agreements, and believes that if a maximum prescribed period is included with regard to wholesale contracts, it should follow that a minimum prescribed period should similarly be incorporated and made available to distributors should they so choose.

111. A minimum prescribed period, which Mobil proposes should be 3 years, would give distributors supply security and take cost out (by avoiding regular contract negotiations), and enable them to appropriately conduct long term planning for their business.

112. A minimum prescribed period would remove the ability for suppliers to force distributors into short term contracts with a high cost delta, and which would jeopardise the distributor's business.

113. For an example of how such an issue could eventuate with regard to a minimum prescribed period, please refer to the case study addendum.

16	What proportion of a distributor's annual requirements should be permitted to be subject to exclusive supply provisions?

114. In its consultation paper, MBIE notes that the exclusivity requirement is designed to "give distributors more flexibility" (see paragraph 79). Mobil considers that distributors already have this flexibility, which occurs during the negotiation of supply agreements, and this negotiation is conducted by long-term, knowledgeable industry participants who have access to sound industry and legal advice.

115. Mobil believes this flexibility is already demonstrable, and notes that there is nothing that would currently stop a term customer from successfully negotiating a clause in its contract where it can seek a percentage of its supply from another supplier.

116. Mobil also believes that it will be difficult to determine what percentage of a distributor's supply has been sourced from its main supplier, and the sharing of such data may breach competition law.

117. Mobil also considers that the requirement for "adequate notice" would be contingent on maintaining supply chain security.

17	Should the maximum exclusivity requirement apply as an average across the whole length of the contract? If not, how should it be applied?

118. If the contract term is for 5 years, then it should be based on a rateable monthly average throughout the term of the contract.

18	Should the exclusivity requirement apply to the total fuel requirement of distributors, or to each fuel type?

119. [redacted]

19	Do these terms hinder the ability of dealers or distributors to compete?

120. Mobil considers that the proposed changes regarding limiting contract terms and removing exclusive supply may negatively impact dealers' and distributors' ability to compete in the retail market, as the default will be for suppliers to move contracts to a higher price delta in order to account for the increased risk to the supplier.

20	Are there any other terms that are likely to hinder the ability of dealers or distributors to compete?

121. Current contract terms allow distributors to compete effectively, as demonstrated by the continued expansion of distributors in the prevailing market.

122. As the margin comes down, it will be the distributors who will suffer and exit the market. Lower retail margins will put more pressure on market participants who only have access to one income stream (i.e. the retail market), and are not in the positon to compete further up the supply chain due to the significant investment required.

123. Mobil considers that the proposed changes will drive the market to reduce competition faster.

21	Should a term in wholesale contracts which prioritises supply to a supplier's own retail sites over that of a term customer be considered as likely to limit the ability of the dealers or distributors to compete?

124. [redacted]

125. [redacted]

126. [redacted]

127. In an environment where priority to supply a distributor is enforced, this will result in importers considering their own branded retail networks to a greater extent when assessing term contract supply to potential customers.

Dispute resolution processes for wholesale markets

22	Do your wholesale supply contracts currently provide for a means of dispute resolution? If so, what does this look like?

128. [redacted]

129. [redacted]

130. Mobil is opposed to the creation of a cottage industry that will build further costs into the system when the status quo is functioning appropriately.

23	Do you consider the existing arrangements for dispute resolution to be sufficient? If not, how much use do you think would be made of a new dispute resolution scheme?

131. Mobil considers that the existing arrangements for dispute resolution are sufficient, and the current legal framework for such instances where this is required are workable.

132. These processes have been in place for some time, however like any dispute resolution scheme, they depend on the willingness of the relevant parties to engage in the process.

133. That is, there is a natural progression for the resolution of disputes. A dispute can only be resolved without litigation if both parties choose to do so. By its nature, a dispute resolution process demonstrates that the relationship between the parties has broken down in some form.

134. Adding more layers to this process does not present any material benefit to either party, rather it only adds more complexity and increased costs, which would add to the cost build-up of the TGP or term pricing of any wholesale contract.

135. Setting up an industry-specific dispute mechanism would create an issue with adjudicators/decision-makers who are not necessarily qualified, and that in itself could lead to further disputes if the qualifications of the adjudicator were questioned by one party.

136. The existing legal process provides for a tight structure that is preferable.

24	Should participating in mediation be mandatory for the other party if one party wishes to attempt to resolve the dispute using this dispute resolution process?

137. [redacted]

25	Should the dispute resolution scheme apply if a wholesale supplier refuses to supply fuel at TGP?

138. [redacted]

139. [redacted]

140. [redacted]

141. As a result, such a dispute resolution scheme may become ripe for misuse or exploitation. A dispute resolution scheme that is open to any party who is denied supply becomes an effective tool for malicious or vexatious actions.

142. It is the consumer who pays for the cost of such a scheme in the end. That is, every instance of interference by a third party creates cost.

143. Mobil considers that dispute resolution needs to be as simple as possible, not add more cost in.

144. If the Government so chooses to apply dispute resolution in a circumstance where a wholesale supplier has refused to supply through TGP, dispute resolution should occur at the expense of the refused party.

26	Should the dispute resolution scheme apply to disputes that result from the new wholesale contract terms?

145. [redacted] Mobil is not opposed to such a dispute resolution clause being inserted in wholesale contracts, but that should be appropriately negotiated by the parties.

146. As much as possible, existing wholesale contracts should be able to run their course, and these agreements already include terms to settle disputes.

27	Should the dispute resolution scheme apply to disputes that result from any provision that relates to the terminal gate pricing regime?

147. [redacted]

148. Mobil considers that such instances are already supported by the status quo.

28	Are there any other aspects of the new regime you think the dispute resolution scheme should apply to?

149. Mobil considers that the existing arrangements for dispute resolution are sufficient, and the current legal framework for such instances where this is required are workable.

29	In your view, how can we ensure the dispute resolution scheme is affordable, easily accessible, and timely for all parties involved?

150. The MBIE consultation document states that “a dispute resolution scheme would be an alternative to taking action in the courts or seeking enforcement by the Commerce Commission, not a replacement”.

151. Given this, and given Mobil considers that the existing arrangements for dispute resolution are sufficient per the response to Question 23, Mobil considers the current legal framework for such instances where this is required are already workable and do not require changes.

152. If the Government wishes to implement such a scheme, Mobil considers that the Government should then fund the scheme at its own expense.

153. Participants in the wholesale or retail fuel sectors should not be expected to support a cottage industry underwritten by a substrata of complexity and cost.

30	Should each party to a dispute be required to pay half the cost of the mediation or arbitration process?

154. As per the response to Question 25, Mobil considers that the Government should fund a dispute resolution scheme at its own expense.

155. As per the response to Question 25, with regard to TGP customers who are refused supply, Mobil considers that dispute resolution should occur at the refused party's expense.

31	In your view how can we ensure the dispute resolution scheme is effective?

156. Mobil considers that dispute resolution should be facilitated by parties to a wholesale contract as appropriate, and this could be included in the terms of such an agreement.

157. This would avoid a cottage industry underwritten by a substrata of complexity and cost, per Mobil's response to Question 29.

32	Who should provide the dispute resolution services set up under the new regulations?

158. Mobil considers that dispute resolution should be facilitated by parties to a wholesale contract as appropriate, and this could be included in the terms of such an agreement.

159. This would avoid a cottage industry underwritten by a substrata of complexity and cost, per Mobil's response to Question 29.

33	Should the dispute resolution scheme appoint an independent nominating authority to appoint dispute resolvers under the scheme?

160. Mobil considers that dispute resolution should be facilitated by parties to a wholesale contract as appropriate, and this could be included in the terms of such an agreement.

161. This would avoid a cottage industry underwritten by a substrata of complexity and cost per Mobil's response to Question 29.

34	Is there a specific skillset / background the mediator / arbitrator should have?

162. [redacted] In such an instance where there is a dispute, dispute resolution would occur as stipulated.

35	Please feel free to provide comments on any other matters related to the dispute resolution process.

163. If the Government does choose to go ahead with implementing such a dispute resolution scheme, Mobil considers that Government should pay the cost of its implementation and management.

164. The alternative is that the consumer will ultimately pay for a cottage industry that is largely redundant when compared with the status quo, and in which dispute resolution already effectively occurs.

165. As per the response to Question 29, if implemented, such a scheme needs to be simple, cost effective, and in a form where parties to the regime cannot utilise dispute resolution to manipulate the system for vexatious or destructive purposes.

Regulatory backstop

36	What should be the threshold and process for whether backstop regulation should be imposed on the TGP supply of specified fuel products at a terminal or terminals? Please give reasons.

166. As referenced in Mobil's introductory statement, Mobil does not believe that a MOPS-based cost build up model is an accurate or relevant pricing model for TGP spot customers or wholesale term customers who have no means to access MOPS pricing, nor does it provide pricing "transparency".

167. MOPS-based pricing can only be useful when a supplier is attempting to defray risk by basing its price on matched terms. Mobil considers that market participants do not currently, nor are they likely to sell fuel to the consumer on a MOPS-based pricing basis. This raises questions around why a middle market (wholesale) would follow such a model if the end market (retail) does not follow it.

168. Distributors would likely be monitoring the MOPS-based price build up as part of their regular business operations.

169. Further, Mobil does not believe it is possible to calculate a "live", transparent MOPS-based pricing build-up that can be accurately compared between importers, as each importer has a different supply chain model, and a different pricing mechanism.

170. If such a model cannot be built on a point in time analysis, it then becomes reliant on the supplier building an appropriate formula, one which deals with a cost-build up analysis and one which would therefore be proprietary and commercially sensitive.

171. However, even if such a formula is built and enacted, it becomes irrelevant in a competitive environment because the market participant must then compete effectively.

172. Ultimately, fuel market participants in both the retail and wholesale markets must compete with each other on the basis of the price to customer under the proposed model, whether that is a wholesale or retail customer.

173. Mobil therefore considers that neither retail nor wholesale (advertised TGP) fuel prices are an indicator of competition within the wholesale fuel market, and neither should be used as a threshold to trigger a regulatory backstop.

174. Application (trigger point) of a backstop is then difficult to determine if utilising a cost-build up analysis, because the TGP will not necessarily be tied to the pricing formula in a competitive environment.

175. Mobil considers that, if MOPS pricing methodologies are deemed to be transparent and all wholesale prices are subsequently benchmarked to a corresponding TGP or TGP-less-discount model, this has the potential to remove competition from the wholesale market completely.

176. Mobil considers that this would result in the "unintended consequences" outlined in its introductory statement (see *Paragraph 17.i*).

177. Per *Paragraph 17.iii*, Mobil is also unconvinced that reduced costs in the wholesale market will necessarily follow through to retail market. That is, there is no guarantee that distributors will pass on reduced costs as a result of increased competition in the wholesale market.

178. Mobil is therefore unclear on how the threshold for such a regulatory backstop would be triggered effectively, unless this was explicitly stated by Government.

179. Such a marker for a "competitive" TGP is not explicit, given Mobil's arguments against MBIE's references to a justification in *117.a*, which Mobil believes cannot work in a competitive wholesale market, and given *117.b*, a comparison to the next-best alternate (i.e. advertised TGP at the next closest terminal, plus road transport costs) is not a comparison of competitiveness. As such, neither should be considered effective thresholds.

180. Further to this point, Mobil does not consider that a regulatory backstop is required, because any misuse of market power by a participant who holds a monopoly at a particular terminal would breach the Commerce Act 1986 (noting that the Act determines abuses of market power that are much broader than just price to consumer).

181. Mobil considers **Option 1** is not practical or desirable, as the threshold for a trigger mechanism is based on an arbitrary and subjective measurement that is based on discretion, not evidence.

182. Mobil therefore believes that **Option 2** presents the preferred option, however it considers this could already occur if a problem is identified under the Commerce Act, which removes the requirement for the implementation of such a regulatory backstop.

37	How should the backstop price control regime be designed to apply to specified fuel products at a terminal or terminals? Please give reasons.

183. Mobil does not support any of the price control regulations proposed, based on the principle that it does not support a backstop regulatory regime.

184. Mobil considers that, if the Government wants to implement explicit pricing regulation, then it should simply do so. However, this may compromise the ability of market participants to compete, and to invest in and maintain the infrastructure required to ensure a safe and secure supply of fuel to New Zealand.

Consumer information

38	Do you have any comments on the costs of or time required to modify or install price boards?

185. [redacted]

186. [redacted]

187. [redacted]

188. [redacted]

189. [redacted]

39	Which grades of fuel should the requirement to display apply to? Should it apply to all grades of fuel including premium, or to premium fuels only?

190. Given that most retailers already advertise the price of RON 91 and diesel on their roadside pricing boards, Mobil considers that these grades should also be included in the requirement to display in addition to premium fuel grades (RON 95 and RON 98).

40	Do you consider that an obligation to display price should apply to all grades of premium fuel, or only to the main grades of premium fuel sold?

191. As per the response to Question 39, Mobil considers that the obligation should require display of all grades of fuel sold at a particular site, with the addition of an exception basis per Mobil's response to Questions 42 and 43.

41	Do you consider that there should be specifications in regulations on the layout, size or other requirements of a price board? • For example, should there be a requirement for a particular ordering or colour coding of prices that are displayed on a price board? • Are there any other requirements you consider should be applied consistently across price boards?

192. Given the pervasiveness of proprietary additives, the diversity of product offerings and the unique branding standards and specifications across New Zealand's retail fuel market, Mobil considers that restrictions or specifications with regard to layout, colour coding, and size of roadside price boards are not feasible, and will severely diminish the ability of fuel retailers to effectively differentiate their respective brands and products.

193. Furthermore, Mobil considers that the trademarked colour-coding system it utilises for Mobil Synergy Fuel Technology is a core element of its unique value proposition, and therefore differs from the colour coding that other retailers may employ for their fuel products.

194. Mobil considers that product differentiation is a core element of any workably competitive market. Mobil Synergy Fuel Technology products differ greatly from other products on the market, and include scientifically engineered additives that can improve an engine's overall performance, reduce emissions and deliver improved fuel economy to Mobil customers.

195. Fuel is not a homogenised product. Removing Mobil's ability to differentiate its products, which provide additional benefits to consumers who purchase them, would undermine its brand value and reduce its ability to compete effectively in the retail fuel market.

196. Specifications with regard to price boards as suggested in the question may require service station operators to conduct further works to amend their roadside signage. [redacted] The cost for this would ultimately be borne by the consumer, and would provide little benefit to motorists, who Mobil considers are already acquainted with the fuel grades on offer, and are therefore able to readily identify which products correspond to which grades.

42	Should there be an exception from the requirement to display a price of a particular grade of fuel if the volume of that type of fuel being sold at a particular retail site is below a certain minimum volume? If so, why, and what would be a reasonable threshold for such an exception?

197. The Government indicated in its response to the Commerce Commission Retail Fuel Market Study that "there should be scope for exceptions, for example where retail fuel outlets must comply with other requirements such as NZTA or local council rules for signage, or for very small retail outlets for which the cost may be prohibitive".

198. [redacted]

199. As such, Mobil agrees that there should be an exception basis that would help to reduce the operating and compliance costs of small, independent retailers.

200. Mobil also considers that retailers should not be prevented from investing in signage should they so choose, rather it should not be mandatory.

43	Should there be an exception from the requirement to have a price board displaying fuel prices if the total volume of fuel sold at a particular retail site is below a certain minimum volume? If so, why, and what would be a reasonable threshold for such an exception?

201. See response to Question 42 above.

44	Is an exception needed for the situation where sellers must comply with NZTA requirements for signage on state highways? Are there any other situations where an exception might be needed? For example: • is an exception required in relation to local authority bylaws? • are you aware of any issues that would mean that requirements on the display of price boards would conflict with local council requirements for signs under bylaws or the Resource Management Act? If so, describe these issues?

202. [redacted]

203. [redacted]

204. [redacted]

45	Are there any other issues that you think should be considered in development of regulations relating to the display of prices on price boards?

205. Mobil notes that there may be local regulatory requirements that must be considered in developing regulations relating to the display of prices on price boards, and these must be assessed carefully to ensure fuel retailers are not unintentionally breaching such requirements when trying to act in good faith by expediting changes at the request of Government.

206. Mobil notes that in some cases, due to space constraints on MID boards, the inclusion of all prices across available grades must come at the expense of brand marketing messages (including but not limited to car wash, coffee and other convenience retail offerings). This will further diminish Mobil's brand value and reduce its ability to compete on non-fuel retail offerings, and should be a further consideration of retailers' ability to compete in reference to Question 41 above.

46	Do you have any comments that you wish to make on other matters relating to transparency of information for consumers?

207. Mobil considers that New Zealand consumers are already savvy and informed, and are already able to make informed purchasing decisions within the current marketing environment for retail fuel.

208. While the addition of premium pricing on MID boards will enable consumers to make more informed decisions if purchasing a premium fuel grade, Mobil considers that the other changes suggested regarding regulations of price boards are unlikely to provide any material benefit.

Information disclosure and monitoring

47	Do you have any specific feedback or comments on the information identified in the above table that industry participants would be required to collect and disclose? Is there is any other information not identified above that should be collected and disclosed to enable monitoring?

209. Mobil questions how much information will be held by a third party, especially given the amount of information that is being asked for.

210. Mobil's preference would be for it to hold the information within its proprietary systems and then disclose that information upon request. This caution is understandable, given the recent issues around potential data breaches for information submitted to the Commerce Commission.

211. [redacted]

212. It must be noted that forcing companies to supply information that they do not currently hold has the potential to add a significant administrative burden on top of what exists currently that may have implications for organisational costs.

213. MBIE must similarly recognise that any request for information that is not currently held as part of 'business as usual' creates this administrative burden. Asking for such information on an ongoing basis almost certainly will increase costs embedded into our operational processes that will then have to be recovered from the market.

214. Mobil recognises that the Ministry is required to collect information, however monitoring all aspects of the market without a clear purpose and instead opting for what appears to be a "catch-all" approach will not have any positive effect on competition.

215. Rather, an understanding of the market and how it operates, and then appropriately responding to that, will help to improve competition.

216. [redacted]

48	For Fuel Industry participants, what costs would there be for your business to collect and disclose this information?

217. Without undertaking a full assessment, which was not feasible given the time constraints that were presented as a result of the company's response to the COVID-19 pandemic, it is difficult to provide an exact cost for how much of an impost these requirements would be. However, it is safe to assume that additional staffing would be required in order to manage these requests.

218. Mobil is also cautious about disclosing commercial and competition-sensitive information where it would be held by a third party in perpetuity. There would be an extremely high commercial cost if this sensitive information was disclosed, either unintentionally or by subterfuge, and the more information that is held by various third parties, the greater the commercial risk.

219. Mobil is already extremely sensitive to this with regard to its own record keeping, so it follows that sensitivity would be heightened in an instance where such information was held by a third party. This extends in particular to wholesale supply agreements.

49	For Fuel Industry participants, is the information outlined above currently collected by your business? • If so, is it collected in a form or manner that would be consistent with what's outlined above, or would changes to your information collection processes be required? • If not, what costs would be incurred in collecting this information?

220. Mobil does not presently collect a large proportion of the information that it would be required to collect under the proposed legislation, particularly with regard to discounting (beyond what it already provides to Statistics New Zealand/*Tatauranga Aotearoa*).

221. There would be significant costs incurred in collecting such information, for example customer volume data, which is currently only collected based on region, not by site. Enforcing the collection of such information would add another layer of administrative cost that would be passed on to end consumers.

222. [redacted]

223. Where Mobil already collects information in a manner consistent with the proposal for information collection, it takes no exception in principle to providing this information, provided there is a clear reason for collecting such information, and provided its concerns with regard to data security are appeased.

224. With regard to TGP, Mobil considers that the information proposed would be relatively simple to collect and disclose as part of the regular operations of a TGP regime, particularly if TGP was publicly posted on a third-party location in the manner suggested in Mobil's response to Question 4.

50	Are there any other factors not discussed above that could have an impact on the compliance cost of collecting and disclosing information? What are these factors?

225. Per Mobil's response to Question 49, Mobil is cautious about disclosing commercial and competition-sensitive information where it would be held by a third party in perpetuity.

51	Are there any importing costs not captured in Table One that are relevant to understanding the cost of supplying fuel from a terminal in New Zealand?

226. Mobil considers that exchange rates are an important consideration when seeking to understand landed costs, however, as per Mobil's response to Question 48, it has been unable to conduct a full and thorough assessment.

52	Have the proposed parties outlined as the owners and suppliers of information in Table One been correctly identified? • Could data returns for dealers who sell fuel under the brand of a wholesaler, and do not set their own price, be completed by suppliers? If not, do you have any comments on options for minimising compliance costs in this situation?

227. [redacted]

228. [redacted]

53	Do you have any comments on the proposed frequencies for collection and disclosure of information outlined in Table One?

229. Mobil believes information should be collected on an 'as needs' basis, and that regular information collections will impose a significant administrative burden on companies.

54	Do you consider that the proposals outlined above strike the right balance between certainty and adaptability? Would you prefer that requirements such as frequency of information collection are set by agencies or set out in regulations?

230. In terms of flexibility Mobil would prefer frequencies to be set by agencies. This ensures that agencies will be able to collect more or less information as required, depending on the situation being addressed.

231. The higher the frequency of information disclosure, the greater the administrative burden. Mobil considers that a separate consideration of information disclosure is required, in consultation with relevant parties.

55	Do you have any comments on proposals for agencies to develop templates to ensure that information is disclosed in a consistent format?

232. Templates are essential in minimising the administrative burden on companies who must incorporate that burden into their regular business operations. As long as the templates reflect the way Mobil already collects information, it is not opposed to this. Mobil would expect that the industry is involved in the development of these templates.

233. While not ideal, they will at least ensure that information collected over time is immediately comparable and consistent. Mobil also notes that the purpose for collecting particular information is made clear and that information collected is used for that specific purpose.

56	For information that is proposed to be used for periodic analysis: • Should such information still be required to be disclosed on a regular basis, or should that information be held by the companies until needed?

234. Mobil believes that this information should be held by companies until it is required for specific industry analysis. Information that is disclosed on a regular basis should be for specific issues, such as

monitoring prices under a TGP regime, or for the purpose of specific industry assessment (rather than general industry assessment).

235. Given that in some cases further administrative costs will be required to collect some of the requested information, it is important that any new information required be kept to a reasonable minimum.

57	Do you have any other comments that you wish to make on matters relating to information disclosure and monitoring?

236. Mobil is aware of the intent behind these requests. Mobil believes it is important that any information disclosure or monitoring regime is carefully considered to minimise administrative and regulatory impacts on the supply chain, and that a clear set of data security principles are utilised to hold this data. It is important that an increase in administrative burden does not lead market participants to recover costs from the market.