



28 October 2016

Mr Darrell Porter
Department of Environment and Energy
John Gorton Building
King Edward Terrace
Parkes ACT 2600

By email: mrps@environment.gov.au

MANDATORY REPORTING OF PETROLEUM STATISTICS CONSULTATION PAPER SUBMISSION

Dear Mr Porter

Gas Energy Australia (GEA) welcomes the opportunity to provide comments on the *Department of the Environment and Energy, Consultation Paper: Mandatory Reporting of Petroleum Statistics, September 2016*.

The members and associates of GEA agree that the quality and coverage of the collection and publication of monthly national and state data should be improved.

GEA notes that when Australia joined the International Energy Agency (IEA) in 1974 to bolster our energy security through concerted action, including information sharing, with other Western nations in response to the disruptions to Middle East oil supplies at the time, there were few alternatives to oil as transport fuel. Today, the use of alternative gaseous fuels, represents another way to preserve energy security in response to disruptions to oil supplies.

Consequently, GEA would like to see this reality reflected in the collection of data that will inform assessments of Australia's energy security. In particular, GEA is concerned that all gaseous fuels are not included in the scope of data being collected. GEA welcomes the fact that Liquefied Petroleum Gas (LPG), which is the most widely alternative gaseous transport fuel in Australia, is included. However, while not as well established as LPG, which is used mainly in light vehicles, the use of Liquefied Natural Gas (LNG) and Compressed Natural Gas (CNG) has the potential to expand in a variety of domestic transport applications, particularly powering light commercial vehicles, heavy truck and buses. GEA therefore considers that it is important that all alternative gaseous fuels are included in the Government's monthly data collection of Australia's energy stockpile.

GEA considers that it would also be useful to include data on propylene that is supplied to the local market but is not used for petrochemical consumption. Capturing this data would provide the Government, and end-users, with a more complete picture of Australia's energy security.

GEA also wants to note the difficulties that may arise with double counting. It is important to the integrity and quality of the data collected, that the Department of the Environment and Energy addresses this issue.

GEA's detailed response to the questions in the Consultation Paper are outlined below.

Question 1: How do you use the APS Report?

GEA currently does not use the data from the APS Report due to concerns about the quality of the statistics. GEA obtains LPG production, consumption and trade data through an independent annual survey conducted by ACIL Allen to inform policy positions and maintain awareness about trends in the petroleum market.

Question 2: As a general principle, which option do you prefer?

As a general principle, GEA supports Option B which achieves the objectives of obtaining high quality energy statistics to support policy development, meets IEA reporting requirements and informs the community while minimising costs to industry. However, the use of data-sharing in Government should ensure that commercial-in-confidence information is protected. GEA also supports the use of data-sharing to obtain detailed import and export data from the Department of Immigration and Border Protection to avoid imposing unnecessary burden on the industry. GEA considers that a reduced reporting burden and ongoing improvements to processes by the industry would achieve similar accuracy benefits to mandatory re-reporting of trade data, but at lower cost. That said, GEA would like to see Option B include targeted reporting of state breakdowns of data and category based reporting. Additionally, GEA proposes that the Government seek to include all gaseous fuels (including CNG and LNG) to reveal a more accurate indication of Australia's energy security.

GEA suggests the Government use the responses from industry on this Consultation Paper to clarify the impact from any additional reporting requirements. GEA would benefit from more accurate statistics for a range of items in the APS Report and would not support Option C which would impose mandatory reporting for stocks only.

Question 3: Do you support applying the reporting obligation to the owner of petroleum?

GEA considers that in general, reporting of petroleum data should be the responsibility of petroleum producers, petroleum importers, and petroleum exporters, owners of petroleum stocks, storage facilities, and distributors that have legal title to the petroleum but not end-use customers. GEA agrees that allowing agents, consultants or field operators to report on behalf of owners should be permissible where they are in a better position to do so.

Question 4: Are there any reasons why direct importers (or a subset of direct importers) should be excluded from mandatory reporting?

GEA does not see reasons why any direct importers should be excluded from mandatory reporting and notes that exclusion would reduce the value of statistics by excluding a growing segment of the petroleum market.

Question 5: Do you agree with the need for a threshold and the proposed level?

GEA considers that if the improvement in data quality is small relative to the burden imposed on small operators as is suggested in the Consultation Paper, then they should be exempt from mandatory reporting. In addition, GEA is in general supportive of aligning regulatory settings with international standards where possible.

The Government should explore the possibility of other entities reporting on these owners' behalf where possible. For example, it might be useful to have exemptions to permit delegation of the reporting from the owner to the transport distributor and to cover authorised distributors that do not own a large (greater than 7,500 litres) LPG tank used to fill their own cylinders.

Question 6: Do you support using NOPTA offshore production figures to replace the need to report offshore data?

As noted in our answer to Question 2, GEA generally supports the use of data-sharing to achieve the objective of obtaining high quality energy statistics while minimising costs to the industry, provided commercial-in-confidence information is protected. However, GEA would encourage the Government to clarify the extra burden on the petroleum industry from reporting offshore activity in addition to their activities onshore and within state territorial waters through responses to the Consultation Paper from affected entities.

Question 7: Should mandatory reporting cover oil-recycling process?

As discussed in our answer to Question 5, GEA would support mandatory reporting for oil-recycling businesses provided that more than 3kt of new petroleum products are produced in a calendar year.

Question 8: Do you support the sharing of data collected under mandatory reporting to reduce the regulatory burden associated with other reporting regimes?

As noted in our answer to Question 2, GEA generally supports the use of data-sharing to achieve the objective of obtaining high quality energy statistics while minimising costs to the industry, provided that commercial-in-confidence information is protected. GEA supports the use of mandatory reporting for items in the APS Report where this is the only method available for obtaining the data.

Question 9: Do you support excluding major petroleum consumers who do not import petroleum directly from end-of-month stock level reporting?

While GEA generally supports comprehensive reporting it also supports the use of data-sharing to achieve the objective of obtaining high quality energy statistics while minimising costs to the industry, provided that commercial-in-confidence information is protected.

Question 10: Do you support mandatory reporting for non-IEA counted stock such as stock on water or should this reporting remain voluntary?

GEA notes that information on stocks on water would be useful for developing fuel security policy and responses. GEA encourages the Government to consider the impact on the industry from additional reporting obligations through responses to this Consultation Paper.

Question 11: Do you support the existing approach to measuring consumption/sales?

GEA notes that it is important not to double count company to company sales (e.g. if firm A sells to firm B which then sells to end-user firm C - either firm A or firm B's sales should be counted, not both). GEA considers that industry would be better placed to inform the Government about the risks and costs of different options to remove double counts from the estimation of consumption and sales.

Question 12: Do you support replacing sales reporting with the use of excise and customs data held by the ATO?

The Consultation Paper notes that there are substantial issues for the use of excise and customs data to provide consumption data in the APS Report. As noted in our answer to Question 2, GEA generally supports the use of data-sharing to achieve the objective of obtaining high quality energy statistics while minimising costs to the industry, provided that commercial-in-confidence information is protected. The Consultation Paper notes that the use of data-sharing would not completely remove the regulatory burden on industry. GEA encourages the Government to consider the responses from entities required to report to guide the decision on how to obtain the required petroleum consumption/sales data for the APS Report. For example, the Government should evaluate whether the use of data-sharing to eliminate the need to report consumption data for some product categories in the APS Report would materially reduce the regulatory burden on the industry.

Question 13: Do you support including imports and exports in mandatory reporting?

As noted in our answer to Question 2, a reduced reporting burden and ongoing improvements to processes by the industry could achieve similar accuracy benefits to mandatory re-reporting of trade data, but at lower cost. Hence, GEA supports the use of existing petroleum trade data from the Department of Immigration and Border Protection.

Question 14: Should any additional information be collected and published under mandatory reporting?

GEA would welcome mandatory reporting for data on gaseous fuels in addition to LPG such as LNG and CNG, given that their importance will grow with the increasing focus on low emission energy sources. This information would improve the Government's ability to develop energy policies and fuel security assessments and assist the industry with decision making activities into the future.

Question 15: Do you consider the current reporting boundaries for production, refining, stocks, sales, imports, exports and prices appropriate?

If the objective is to determine the amount of petroleum imported into Australia, the appropriate entry boundary would be at the point of arriving at an import or inland terminal. If the objective is to determine the amount of petroleum used within Australia, the appropriate exit boundary would be the sales made to end users. If the objective is to determine the amount of petroleum that was exported, the appropriate exit boundary would be at the point of departing a terminal. If the objective is to determine the petroleum stock level at a particular point in time within Australia, then the appropriate measuring point would be based on a standard date (cut-off) and reported by major petroleum holders.

GEA suggests that measurement points should be based on existing structures as much as possible, such as the excise system or stock measurement according to the determination of legal title, to reduce the cost to industry of setting up new tracking procedures.

Question 16: Do you consider the current reporting categories appropriate for the APS Report?

While GEA finds the current reporting categories in the APS Report to be useful for many applications, we are uncertain about the quality of data. GEA would benefit from higher quality data from mandatory in

those reporting categories, particularly the current breakdown of LPG sales into different uses. Additionally, GEA would like to see the addition of CNG and LNG data as these add to Australia's energy security.

Question 17: Should the timing requirements for certain information change?

GEA is supportive of more accurate data being available and notes that the IEA requires monthly reporting of petroleum statistics.

Question 18: Do you agree with maintaining a parallel voluntary collection methodology for gas statistics not covered by mandatory reporting?

As noted in our answer to Question 14, GEA would welcome mandatory reporting for data on gaseous fuels in addition to LPG such as LNG and CNG.

Question 19: Do you support including biofuels (ethanol, biodiesel, biojet kerosene, etc.) as a product category covered by mandatory reporting?

GEA notes that including both transport and non-transport biofuels under mandatory reporting would achieve the objectives of capturing data for IEA stockholding compliance reporting and providing important information about the petroleum market to governments, industry and the community.

Question 20: Do you support the mandatory use of a template as outlined above?

GEA notes that a reporting template is important for standardisation and consistency. GEA also notes that depending on the frequency required, the type of data validation would be different (ie, externally validated versus internally validated). That said, GEA's preference is that its members report stock and sales each month using existing reporting templates and the Australian Government develops a means to consolidate the information.

Question 21: Are there aspects of the APS Report reporting requirements or guidance notes that should be revised in the transition to a mandatory reporting regime?

As noted above, GEA is supportive of more accurate data being available, bearing in mind the cost to the industry of compliance.

Question 22: Will an email submission process create any difficulties for your company?

GEA is not aware of any difficulties that email submissions might create for its members and as stated in Question 21, GEA is supportive of more accurate data being available, bearing in mind the cost to the industry of compliance.

Question 23: Do you foresee any problems for your company with meeting the proposed reporting timeframe?

GEA is not aware of any likely problems the proposal reporting timeframe might create for its members.

Conclusion

Gas Energy Australia supports mandatory petroleum data reporting and considers Option B in the Department of the Environment and Energy's Consultation Paper is the best option particularly if it includes targeted reporting of state breakdowns of data and category based reporting. Option B would contribute to the objective of improving Australia's energy security while imposing the lowest burden on the industry. Additionally, GEA considers that this contribution would be significantly enhanced if the reporting included LNG and CNG used in transport, and propylene supplied to the local market that is not used for petrochemical consumption.

For your consideration.

A handwritten signature in black ink, appearing to read "John Griffiths", with a long horizontal flourish extending to the right.

John Griffiths
Chief Executive Officer