

Kohitātea 2021

Tena koutou

Gas Industry Company's Bulletin is our regular update of news and consultations.

IN THIS BULLETIN:

- **An announcement about an investigation of the security and certainty of gas supply** in New Zealand as requested by the Minister of Energy and Resources.

PLUS:

- The Electricity Authority's decision paper on wholesale market information disclosure.
- Latest switching numbers.
- **We want your views** about our 2022 work programme and levy consultation, and about the draft statement of proposal for gas production and storage information disclosure.
- Vector Transmission Code Change request notification.
- Anniversary day office hours.

Nga mihi

Security and certainty of gas supply in New Zealand

New Zealand is transitioning to a future with 100% renewable electricity from 2030 and a net zero carbon economy by 2050. During the transition, the electricity industry needs security of gas supply. Major gas users also need certainty and transparency for their operations.

Gas Industry Company has begun an investigation of the issues. Its focus: Whether current market, commercial and regulatory settings that provide for gas availability and flexibility are fit for purpose in supporting the transition.

The project was initiated by the Minister of Energy and Resources, who has asked:

- how current contractual arrangements, including tendering processes, affect overall availability and flexibility of gas supply
- how current market, commercial and regulatory settings:
 - support security of supply in the electricity market (particularly during periods of heightened demand), and
 - provide major gas users with sufficient certainty/transparency about gas supply for their operations,

and whether they are fit for purpose during the transition.

We'll be in touch...

Gas Industry Company intends to begin with conversations among industry and government stakeholders. We'll be gathering perspectives about where any issues exist or are looming. Everyone receiving this Bulletin will be invited to participate.

When we report back, we intend to set out current arrangements, identify any potential issues and propose a work programme to address any issues identified. Our timetable for completion is mid-2021.

If you would like to register your interest now, please get in touch with Carolyn van Leuven at:

Carolyn.vanLeuven@gasindustry.co.nz

Q&A

Why is this project being undertaken?

The Minister of Energy and Resources wrote to Gas Industry Company and requested a report back. She noted that New Zealand has a legislated emissions target and that the Government has committed to 100 per cent renewable electricity by 2030. The Minister's concern is to ensure that current market, commercial and regulatory settings that provide for gas visibility and flexibility are fit for purpose in supporting the transition.

What's happening in natural gas markets?

Total gas production in 2021 is expected to be around 150-160 PJ, compared with around 190 PJ in 2020.

Reduced gas in 2021 is the result of two factors occurring together:

- delayed field development due to COVID-19
- reduced availability from the Pohokura field, which has been signalled well in advance.

In December 2020, producers announced that they anticipate production from the Pohokura gas field in 2021 will be in the order of 39PJ, which is significantly less than it produced at its peak.

The Pohokura disclosure was commendably early, and above and beyond existing disclosure requirements. The announcement provided energy markets with considerable forward notice to prepare for the 2021 forecast reduced volumes.

Production from Pohokura exceeded 200 TJ per day at its peak. So far in 2021, production has dropped to around 130 TJ per day. By way of comparing the energy value of the production decline, the Tiwai smelter has been using around 48 TJ per day (13.5 GWh) of electricity. Partly due to the reduced production quantities, some industrial users have experienced a tighter market this year.

Electricity Authority releases decision paper on wholesale market information disclosure

The Electricity Authority has released a decision paper detailing an amendment to the Electricity Industry Participation Code 2010. It aims to improve the availability of thermal fuel information. The amended Code provisions come into force from 1 April 2021.

Gas Industry Company and the Authority have been working closely on the gas and electricity sector information disclosure workstreams. Gas Industry Company commends the Authority on the paper and we look forward to continuing to work together on this issue.

You can read the decision paper [here](#).

Increasing rate of customer switching

4,662 customers completed switches during December 2020.

Customer switches were up by **366** from November, and up **955** from December last year.

Switching Trends

On average, 3,842 customers switched each month over the past year.

Switches took an average of two days to complete.

The highest number of customers switched in July: 4,964.

The fewest switched in April: 1,760.

Find out more

Switching numbers are available in the Gas Registry [here](#).

Your Views: Gas Industry Co FY2022 Work Programme and Levy Consultation Paper

Our planned work programme for FY2022, and the levy that industry participants will pay, is out for consultation.

You can read it [here](#).

Our industry self-regulatory model depends on industry participants having a say about our plans. We held an industry forum in November, and the work programme reflects the priorities discussed there.

A reminder that industry submissions are requested by Friday 5 February 2021.

Draft Statement of Proposal for Production & Storage Facility Outage Information

Our *Draft Statement of Proposal: Gas Production and Storage Facility Outage Information* consultation is out for consultation.

The paper sets out a draft Statement of Proposal for the disclosure of gas production and storage facility outage information and seeks parties' views on the various matters included in the assessment. These views will be used to inform the development of the final Statement of Proposal.

You can read it [here](#).

Industry submissions are requested by Thursday 4 March 2021.

Vector Transmission Code Change Request - Notification: Publication of Odourisation and Gas Composition Reports

On 26 January 2021, Vector Gas Trading Limited notified First Gas and Gas Industry Company of a Change Request Notification for proposed amendments to the Vector Transmission Code (VTC). The Change Request Notification relates to the publication of information that helps enable gas retailers to demonstrate compliance with the Gas Safety and Measurement Regulations 2010.

A copy of the Change Request Notification can be found in the publications section of the VTC Information Exchange accessed through [Oatis](#).

Auckland Anniversary Day 2021

Gas Industry Company has determined that the following regional anniversary day in 2021 is a non-business day under the Gas (Downstream Reconciliation) Rules 2008:

- Auckland Anniversary Day, observed on Monday 1 February 2021

Contact Gas Industry Company Communications at info@gasindustry.co.nz or 04 494 2465

Gas Industry Company

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