

## GIC - Consultation on Gas Industry Co FY2022 Work Programme and Levy

Genesis Energy

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Question	Comment
<p>Q1: We seek your input about looming issues on the horizon which will be addressed in current or future work programmes, as mapped in 1.1 above. What other issues should be on our horizon?</p>	<p>Smart metering should be moved further forward in the priority order. The technology, which is rolling out now at speed, presents significant opportunities for consumers and market participants and getting the regulatory approach right up front will be key to unlocking them.</p> <p>In contrast, it is not clear hydrogen should be a high priority for the GIC at this stage. Although the technology has its advocates, the most comprehensive work done to date in the New Zealand context suggests it is challenging economically. To the extent GIC wishes to prioritise hydrogen in its role as 'trusted advisor', this should be in bringing an objective view to the debate in relation to the likelihood and timing of widespread adoption, based on the evidence.</p>
<p>Q2: Technology changes, changes to market structures, the potential for new renewable infrastructure, and uncertainty over prices will all have an impact on existing facilities, commercial arrangements and regulatory structures and systems</p> <ul style="list-style-type: none"><li>• What changes to regulatory structures and systems do you believe Gas Industry Co should be reviewing?</li><li>• What other gas challenges arising from the energy sector transition should Gas Industry Co be assisting industry and Government to prepare for?</li></ul>	<p>In line with the recommendations of the Electricity Price Review and views of a variety of stakeholders, Genesis considers it important that Gas Industry Co works closely with the Electricity Authority on areas of mutual interest. This helps ensure the regulatory systems are compatible, and that responsibility for particular regulatory areas sits in the right place. Genesis notes that coordination between GIC and the EA has improved considerably over the past two years in particular, and both organisations are to be commended for this.</p> <p>Genesis considers that the availability and deliverability of natural gas is central to the orderly functioning of New Zealand energy markets generally. Whilst acknowledging that GIC does not have an advocacy role per se, Genesis considers it prudent to prioritise projects that may have a positive impact on economic gas availability.</p>
<p>Q3: Do you have any comments on the process for developing Gas Industry Co's Work Programme and Levy?</p>	<p>Genesis appreciates the consultative approach GIC has taken to developing the work programme and levy.</p>

<p>Q4: Reflecting on Gas Industry Co's Sector Coordinating Entity Role in relation to the COVID-19 pandemic, we are interested in your feedback in relation to the following matters relating to both COVID-19 lockdowns (March and August 2020):</p> <ul style="list-style-type: none"> <li>• Standard of communications from Gas Industry Co (eg was the messaging clear, timely, targeted?);</li> <li>• What went well/what could be improved?</li> <li>• Learnings to take forward/feedback for Gas Industry Co?</li> <li>• Learnings to take forward/feedback we can pass on to MBIE?</li> <li>• Any other comments you would like to add?</li> </ul>	<p>Genesis commends GIC on its performance over the most trying periods of the pandemic response, namely when alert level restrictions were the highest. As a general comment, we consider that the energy industry and overseeing public agencies performed well over the periods in which Alert Levels 3 and 4 applied.</p> <p>Coordination of communication across regulators and public agencies is one area for potential improvement. During Alert Level 4 in particular Genesis received multiple information requests from different agencies that often represented duplication. This is understandable given the unprecedented and fast-moving nature of the situation. However, we consider that in preparation for any future lockdown a central public agency could coordinate the response and take the lead on information gathering in particular.</p>
<p>Q5: Do you consider there to be any other items that should be included in Gas Industry Co's intended Work Programme for FY2022? If so, please describe the work required and how that work achieves the outcomes sought under the Gas Act and GPS.</p>	<p>Genesis considers the GIC's intended work programme is appropriate. We note that in addition to the items set out in the consultation paper, GIC has been asked by the Minister to carry out an investigation into the security and certainty of gas supply in New Zealand. We consider this to be very worthwhile, and look forward to contributing our views in due course.</p>
<p>Q6: Do you consider there to be any items that should be excluded from Gas Industry Co's intended Work Programme for FY2022? Please provide reasons for your response.</p>	<p>Genesis considers that work on biogas and hydrogen, while worthwhile, is a relatively lower priority than much of the rest of GIC's work programme. This is because these technologies (and their uptake) are at a nascent stage in New Zealand and it is considered unlikely that they will play a major role in the energy mix in the near future, given technical and cost-competitiveness challenges.</p>
<p>Q7: Gas Industry Co is particularly interested in industry comment on the forecast gas volumes - do stakeholders consider the projection reasonable? If not, what would they consider an appropriate gas volume estimate to be?</p>	<p>The forecast volumes are broadly consistent with Genesis' expectations.</p>
<p>Q8: Do you have any comment on the proposed levy rates for FY2022?</p>	<p>Genesis considers the proposed levy to be appropriate and well-justified.</p>