



20/06/2021

Submission to the Gas Industry Ltd (GIC Ltd)

Gas Market Settings Investigation Consultation Paper.

1.0.Introduction:

1.1 This submission is made on behalf of the **Grey Power New Zealand Federation Inc by the Grey Power Federation Energy National Advisory Group Chair, (off board), Bern Sommerfeld.**

1.2 The contact details are:

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1.3 We submitted to the GIC Ltd on 3/12/2020. **Extending the Electricity Price Review's Final Recommendations to the Gas Market.**

Our submission for this current consultation reflects the comments we made in 3/12/2020. We have approached our responses from a consumers' perspective.

2.0 Comments on the Questions Posed in the Consultation Paper Q1 to Q8.

Q1. For the domestic consumer on reticulated gas supply in the North Island, gas is an essential service and should be treated the same as Electricity. In the South Island consumers have no reticulated gas and a bottled gas system is essential (Central Otago)

Q2. The final recommendation of the He Pou a Rangi Climate Change Commission report a **low emissions future for Aotearoa**

Recognised the importance of natural gas for energy security, CCC report page 29.

The proposed drilling by Todd Energy and OMV at the Pohokura field , if successful, will be several years before going into production but will give a boost to the natural gas supply. The future demand outlook for industry may be high and for the domestic market the uncertainty of supply and with the blended hydro / mix, may mean and some existing appliances may not operate or will require replacement to hydrogen compatible appliance. The replacement appliance cost to persons on a fixed income will be difficult to manage. Grey Power recommends that a subsidy scheme be introduced.

Q3. A Clear overview considering the future decisions that need to be made by the current government,

The following comments are made regarding section 3.2.2. Transmission and Distribution.

The removal of some sections of the distribution systems as it is, regarded as uneconomic. There should not be the loss of supply to the domestic consumer who has gas as their primary energy source. This is, in our opinion, the loss of an essential service.

Q4. Some of the issues that need consideration would be Energy Pricing.

Current moves in the domestic electricity market is the phasing out of the Low Fixed User rate

This was one of the recommendations of the Electricity Price Review which did not consider gas.

Phasing out of this Low Fixed User rate, will result in an increase in cost for domestic electricity.

Affordable Energy is a goal of Grey Power New Zealand Federation Inc.

Q5, Having examined the overall aspects of the report there is little that we can offer on the potential solutions stakeholders have raised. Our recent engagement with the Commerce Commission (Aurora Energy CPP) is offered.

The terms of reference of the Commerce Commission should be expanded to examine past actions of distribution companies in the Customised Price Path CPP.

In the transition stage for Gas, it would be difficult to produce a 5 year CPP, with the present uncertainty of the gas market.

A review is being undertaken by the Commerce Commission of Part 4 of the Commerce Act 1986 to consider if the Act is fit for purpose in the significant changes that are taking place in the Energy Industry.

Current work is being carried out by the Electricity Authority on real time pricing for electricity distribution; this will be concluded later in the year.

Q6 Action by the current government on the Climate Change Commission final report and not piecemeal statements.

Q7. The proposals of a mixed gas market with using natural gas, biogas and hydrogen would be a good situation for all. A one fix solution is not the answer. A reserve supply of gas either tank stored and with our renewable wind, solar, biomass, and hydro. This would be an ideal energy situation provided that it is affordable to the domestic consumer.

Q8 This has been covered in **Q7**.

Bern Sommerfeld Energy Chair (off board) Grey Power New Zealand Federation Inc

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