

GIC Assessment Paper on extending the Electricity Price Review’s final recommendations to the gas market

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Question		Comment
Q1	Do you support the role of the CAC being extended to Gas markets for the benefit of residential and small business Gas consumers? If so, when should it occur? What measures should GIC be taking to better engage with of residential and small business Gas consumers?	No comment
Q2	Do you support the extension of the energy hardship initiatives in B1-B6 and B8 to include Gas (please address each separately)? Do you support the extension of the electricity market arrangements on PPDs to Gas?	No comment
Q3	Do you support the extension of PowerSwitch to include LPG (reticulation and bottles)? Do you support GIC’s views on the initiatives in C1–C6 (please address each separately)?	No comment

Q4	Do you support GIC’s views in respect of the initiatives in D1 to D4 (please address each separately?)	<p>D1 – “Improve availability of electricity and gas market information” – we note GIC’s Information Disclosure workstream is already running in parallel with this EPR workstream. We consider the GIC workstream to be the appropriate mechanism for delivering views on the availability of gas market information. We note however some comments in response to G1 where we consider the gas sector could benefit from the EPR recommendation that more energy sector innovation is encouraged.</p> <p>D2 – “Introduce mandatory market-making” - No comment.</p> <p>D3 – “Make generator – retailers release information about the profitability of their retailing activities” – No comment.</p> <p>D4 – Monitor contract prices and generation costs more closely - No comment</p>
Q5	Do you support GIC’s initial view to not extend the initiatives in E1-E4 to include Gas (please address each separately)	<p>E1 – Issue a government policy statement on transmission pricing – MGUG notes the following policy framework existing for gas including:</p> <ul style="list-style-type: none"> • the Gas Act, • the Gas Policy Statement, where the principal policy objective as set out in the Government Policy Statement (GPS) for Gas is to “To ensure that gas is delivered to existing and new customers in a safe, efficient, fair, reliable and environmentally sustainable matter”. • Transmission pricing which is subject to price/quality regulation by the Commerce Commission (including pricing principles). <p>Given the existing framework we agree with GIC’s position to not support extending this EPR recommendation to gas transmission.</p> <p>We note GIC’s comment it is keeping a watching brief on the transmission pricing effects of large natural gas consumers leaving the transmission system. This issue created major cost impacts on MGUG members around 2016 when Otahuhu B and Southdown were removed from the market; transmission costs were spread over the remaining balance of the market leading to immediate and significant increases in transmission cost for our members. This may be an area where GIC should consider whether the existing gas policy framework is fit for purpose in the event of large consumers leaving the system.</p>
Q6	Do you support GIC’s initial view to not extend the initiatives in F1-F4 to include	No comment.

	Gas (please address each separately)?	
Q7	Do you support the extension of the initiatives in G1-G4 to include Gas (please address each separately)?	<p>G1 – MGUG supports appropriate examination of the scope for energy sector innovation, including for gas. We consider that as the energy sector transitions, gas will continue to have a fundamental role to play, particularly for energy security.</p> <p>Innovation for gas could arise in a number of ways including:</p> <ul style="list-style-type: none"> • Ensuring greater transparency around in the extent of gas resource (contingent resource) – greater information transparency would assist with the coordination of investment planning for both electricity and gas as the energy sector transitions; • Rationalisation of gas transport access arrangements to a single transmission code based on daily capacity bookings could assist the sector by enabling more upstream competition. <p>It is important that any proposals are based on sound analysis, are evidenced based and supported by good cost/benefit analysis.</p>