

# Consultation on Gas Industry Co. FY2017 Statement of Intent and Levy

Submission prepared by: Nova Energy Limited, Paul Baker

QUESTION	COMMENT
Q1: Do you have any comments on Gas Industry Co.'s role or Strategy relevant to development of the Statement of Intent and Levy?	No
Q2: Do you have any comments on the process for developing Gas Industry Co's SOI and Levy?	Nova agrees that it is not necessary for the GIC to hold reserves for potential expenditure due to unplanned circumstances. There is sufficient flexibility in the work programme to allow for such contingencies.
Q3: Do you consider there to be any other items that should be included in the Company's intended Work Programme for FY2017? If so, please describe the work required and how that work achieves the outcomes sought under the Gas Act and GPS.	Nova believes that it is appropriate for the GIC to monitor the key market metrics and focus its resources if and when there is evidence of market failure. The GIC needs to examine the operation of MBB on the Maui pipeline in some detail to determine if it is producing a net benefit to the market. In doing so it is inevitable that the GIC will need significant access to market information, and Nova supports that. That is not to say that the GIC should be seeking automatic access to all market information by default.
Q4: Do you consider there to be any items that should be excluded from the Company's intended Work Programme for FY2017? Please provide reasons for your response.	Since the Transmission Access and Pricing work stream was undertaken; Otahuhu and Southdown power stations have closed in Auckland, a commitment has been made to increase transmission capacity north of Auckland, and there is a common ownership of the Vector Transmission Pipeline and Maui Pipeline. It would seem that under these revised circumstances that it would be appropriate to defer the work on developing a vision for the converged transmission arrangements until it becomes clearer how the new owner proposes to manage the two transmission pipelines. Should the new owners seek the views of the GIC, then by all means the GIC should provide guidance as appropriate.

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<p>Q5: We are 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>Nova believes that the GIC’s estimate of gas volumes for FY2017 of 170PJ is low.</p> <p>Nova’s view is that the distributed gas demand and co-generation volumes will be maintained; there is no significant new renewable electricity generation being built to displace gas-fired generation; and the petrochemical plants can be expected to operate at near capacity.</p> <p>Under these conditions, Nova expects wholesale demand to be around 200PJ FY2017.</p> <p>You are welcome to contact us directly if you would like further insights on our assumptions.</p>
<p>Q6: Do you have any comment on the proposed levy for FY2017?</p>	<p>Nova is comfortable with the proposed levy.</p>