



30<sup>th</sup> April 2024

Gas Industry Company  
Level 10, Brandon House  
149 Featherston Street  
Wellington

**OMV Exploration &  
Production**

Via email to [consultations@gasindustry.co.nz](mailto:consultations@gasindustry.co.nz)

**Henrik Mosser**  
General Manager OMV NZ

## **Submission on Statement of Proposal on amending the Gas Governance (Critical Contingency Management) Regulations 2008.**

Tel +64 4 910 2500  
Fax +64 4 910 2504

### **Background**

1. OMV New Zealand (OMV) is a major energy provider for the country, finding and developing natural gas deposits in offshore Taranaki. Our business helps to meet the energy demands of New Zealanders in economically, environmentally, and socially responsible ways.
2. OMV welcomes the opportunity to provide comments on the Statement of Proposal on amending the Gas Governance (Critical Contingency Management) Regulations 2008 (the SoP).
3. We congratulate the Gas Industry Company (GIC) on conducting this review. The energy transition in New Zealand means that it is imperative that regulations are regularly reviewed to ensure that they remain fit-for-purpose in the changing energy environment. The GIC (through its 2023 work on the Gas Transition Plan) has identified several strategically important directions for the gas sector, including the growing use of biogas, the development of hydrogen, and carbon capture and sequestration.

OMV New Zealand Ltd  
Majestic Centre  
100 Willis Street  
Wellington,  
New Zealand

[www.omv.com](http://www.omv.com)

### **Comments on Part One**

4. We refer you to our previous submission of 24<sup>th</sup> July 2020. In this submission, we were supportive of the proposals in the SoP that improved the efficiency of the industry. We welcome that these proposals will be put forward to the Minister.
5. In our earlier submission we supported the introduction of a floor price to ensure that the Critical Contingency Price remained broadly predictable. We understand that all parties who submitted on this issue agreed that a floor should exist, although several different views on how this should be calculated were proposed. The SoP has recognised that defining an enduring price floor methodology is difficult during a time of change in the

sector. We look forward to being kept apprised of the GIC's further proposed work with the Ministry of Business, Innovation and Employment on including a requirement for a price floor.

6. In alignment with our previous submission, we have no comment on sections Two through Nine in Part One.

#### **Comments on Part Two**

7. FirstGas has proposed changes to the minimum operating pressure threshold limits for Schedule One of the Critical Contingency Management) Regulations. We note FirstGas proposes that these changes are required to better reflect current operating conditions and enable the industry to adapt to future circumstances more readily, noting that pressure thresholds were developed during a peak year for thermal generation demand. We believe that these changes will have no effect on our assets. We have no further comments on Part Two.

#### **Comments on Part Three**

8. The ex-post consultation for the urgent Regulation change related to the Taupo/Broadlands gas gate is required so that injected biomethane can be blended with natural gas at a pressure below the current minimum operating pressure. This is because the economics and efficiency of biomethane projects are influenced by transmission pipeline pressure, mainly due to the need for costly additional compression.
9. We welcome this facilitation of a nascent industry that the GIC has recognised may become an important area for the sector. We also welcome the removal of regulations that are providing a constraint on innovative projects. As the sector evolves during the energy transition, it is possible that similar pipeline pressure changes may be advantageous elsewhere in the network.

Thank you for the opportunity to provide comments on the SoP.

Yours faithfully,

**Henrik Mosser**  
General Manager, OMV New Zealand