



Consultation on Gas Industry Co FY2024 Work Programme and Levy

SUBMISSIONS CLOSE: 5PM TUESDAY 7 FEBRUARY 2023



Gas Industry Co.

Executive Summary



In consultation with industry, Gas Industry Co develops both an annual work programme and a cost estimate for that work programme. These costs are principally funded through a levy and market fees, the latter imposed under relevant governance rules and regulations.

The proposed FY2024 work programme includes meeting statutory requirements, such as the administration of existing gas governance regulations, and seeks to address Government and industry priorities through the completion of key project deliverables. It continues existing multi-year workstreams and reflects significant progress already made in addressing the objectives and outcomes set for Gas Industry Co and the industry in the Gas Act 1992 (Gas Act) and the Government Policy Statement on Gas Governance 2008 (GPS).

This paper has been prepared after taking into consideration feedback received on the proposed work programme and costs at the Co-Regulatory Forum held on 1 December 2022. Forum feedback generally supported these proposals.

The proposed FY2024 levy funding requirement is \$4,455,703. The corresponding proposed levy rates for FY2024 are a retail levy of \$6.54 per ICP (based on 309,000 ICPs), and a wholesale levy of 1.4326 cents per GJ of gas (based on a volume of 170 PJ).

Submissions

Written submissions on this Consultation Paper should be provided to Gas Industry Co via email to consultations@gasindustry.co.nz by **5 pm on Tuesday 7 February 2023**. Please note that submissions received after that time may not be able to be fully considered.

Submissions may be amended at any time prior to the closing date. All submissions will be published automatically on Gas Industry Co's website after the closing date. Submitters should discuss any intended provision of confidential information with Gas Industry Co prior to submitting the information.

Gas Industry Co is happy to meet with any stakeholder who wishes to discuss the proposals in more detail.



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1. Legislative and Strategic Context



1.1 Strategic Context

Our strategic areas of focus remain gas governance, facilitating industry systems and processes, and trusted adviser to government and industry.

Major strategic issues affecting the gas sector include security of supply, investment confidence issues, New Zealand's energy transition, and disruption to global security of supply with associated price shocks.

Issues around security of supply and investment confidence were identified in the Gas Market Settings Investigation that Gas Industry Co undertook in 2021 following a request from the Minister of Energy and Resources. That investigation looked at whether gas markets are fit for purpose for security of supply for major industrial users and the electricity sector through the gas transition.

Out of the Gas Market Settings Investigation came the Gas Transition Plan, which we have spent most of 2022 working on, alongside MBIE. The Gas Transition Plan will recommend transition pathways for existing gas businesses and provide a view of the future of new technologies from renewable gases to carbon storage. A draft of the Gas Transition Plan will be delivered in early 2023 for public consultation mid-year, before it is finalised and published in the second half of 2023. The Gas Transition Plan is expected to be a direct input into the government's Energy Strategy.

Security of gas supply for electricity, demand response, storage, and the availability of gas peakers overlap the Gas Transition Plan and work being undertaken by other regulatory agencies.

All parts of the energy trilemma—energy security, equity and affordability, and sustainability—will be tested as gas enters its transition phase in this decade. By the end of next decade, New Zealand's gas production and consumption will decline substantially. However, all scenarios continue to forecast there remains a role for gas through to a net zero emissions New Zealand in 2050.

The transition is expected to see electricity move away from gas for baseload generation before 2030. Industrial gas use and peaking electricity are forecast to decline somewhat but remain in the mix, and therefore substantial investment in field development will be needed. As gas fields deplete, it's unlikely that significant new fields will be brought into production and the sector will need to make adjustments.

We see a role for gas in small commercial and residential uses for a longer-term, supported by the introduction and growth of renewable gases. We see potential for renewable gas to enter networks in this decade. Infrastructure will continue to be required to support those sectors.

Changing industry context is certain. The direction of travel is inevitable, although timing is less certain and continued investment is required to ensure the transition is efficient and workable. While it is underway, Gas Industry Co continues a full business as usual work programme facilitating gas markets and providing governance for the sector.

The details are summarised in this consultation paper on our proposed work programme.

1.2 Gas Industry Co's Roles

What we do is conveniently grouped into three classes of activities (reflected in our Strategy at 1.3 below). These activities make up our work programme:

Gas Governance

The Gas Act and GPS guide us in these activities where we have statutory roles as well as oversight of the industry processes or regulations with the intention of ensuring appropriate activities are being undertaken. Examples of our Gas Governance roles include the determination of breaches or undertaking compliance audits. Our Gas Governance roles are normally designed to provide security of supply, build consumer trust, or oversight of competition and markets.

Facilitating Industry Systems and Processes

Gas Industry Co has regulatory defined roles and has undertaken activities requested by industry to deliver independent or centralised services. Examples of the facilitation role includes a wide set of activities including management of the D+1 system, the gas registry, or reconciliation processes, through to hosting the website for upstream disclosures.

Trusted Advisor to Government and Industry

The trusted advisor role reflects the activities we undertake to inform about the gas industry. This role has become more pronounced as the wider energy sector and Government entities have sought to develop their understanding of the changing energy future. Examples include the Gas Transition Plan, Supply and Demand studies, engagement with government agencies such as MBIE or the Climate Commission, and discussions with industry regarding government processes. It is important to note here that our role is limited to informing, we are not an advocate or lobbyist for industry.

1.3 Gas Industry Co's Strategy

Gas Industry Co's strategy includes our core theme of "facilitating the role of gas in New Zealand's energy future". Our core theme recognises that:

- Gas Industry Co's roles are broader than only providing governance;
- Gas has a role in New Zealand's energy future;
- Gas Industry Co has a role in supporting the energy transition;
- Gas includes gases of increasing importance in our energy ecosystem (hydrogen/biogas); and
- Gas Industry Co's regulatory roles are designed to either provide greater security of supply or oversight of competition and markets.



1.4 Gas Industry Co's Values

Gas Industry Co's values are:

Collaboration: We work together with integrity, to achieve our goals

We do this by:

- working together on shared goals;
- sharing and seeking knowledge and experience;
- appreciating each other's differences; and
- having a positive attitude.

Impartiality: Our decisions are transparent, fair, and based on evidence

We do this by:

- maintaining the political neutrality and objectivity required to enable us to work with current and future governments;
- carrying out the functions of the Company unaffected by personal beliefs;
- ensuring our actions are not affected by personal interests or relationships; and
- supporting the Company's outcomes through robust, unbiased, evidence-based advice.

Inclusiveness: We treat others with respect, listening to all views, and engaging openly

We do this by:

- treating everyone with fairness, kindness, and respect;
- being honest and trustworthy;
- giving and receiving honest feedback; and
- being open to all ideas/seeking advice.

Excellence: We strive for quality in everything we do

We do this by:

- owning our work and our development;
- being committed – giving 100% to everything we do;
- being professional and responsive; and
- being reliable – we are a safe pair of hands.

Q1: *Do submitters agree with Gas Industry Co's assessment of the strategic context?*

2. Developing the Proposed Work Programme



2.1 Work Programme and Levy Setting Process

Gas Industry Co's work programme is developed in a consultation process with industry participants and other stakeholders that commences with an annual Co-Regulatory Forum. This Consultation Paper takes into consideration feedback received on the draft work programme at the Co-regulatory Forum held on 1 December 2022.

Co-Regulatory Forum presentation slides can be found [here](#).

Following the Co-Regulatory Forum, this Consultation Paper is published. Submissions on the Consultation Paper are considered in preparing:

- The Statement of Intent (SOI) for the next financial year (with indicative activity for the subsequent two years in the three-year planning period covered by the SOI); and
- A formal recommendation to the Minister for regulations authorising the levy on industry participants for the ensuing year.

Pursuant to section 43ZZD of the Act, the Minister may accept or reject Gas Industry Co's formal recommendation to make levy regulations. However, in circumstances where the Minister is satisfied that the levy is reasonable, Gas Industry Co has consulted on the levy, and the requirements of sections 43ZZB to 43ZZE of the Act have been met, the Minister must accept the recommendation. Following cabinet and vice-regal approvals, this process culminates in annual levy regulations being promulgated.

Development of a given financial year's work programme starts early in the preceding year to ensure appropriate consultation with stakeholders. Gas Industry Co forecasts the expected or planned endpoint of current year activity to determine what further work, if any, might be necessary for each workstream into the following year.

Consistent with Gas Industry Co's statutory role the FY2024 work programme, like that for FY2023, focusses on Gas Industry Co's core market governance role under existing rules/regulations and continuing key multi-year programmes.

The diagram below outlines the process undertaken to develop the work programme and levy:



Q2: *Do submitters have any comments on the process for developing Gas Industry Co's FY2024 Work Programme and Levy?*

3. Proposed FY2024 Work Programme



3.1 Work Programme Prioritisation

The proposed FY2024 work programme is grouped into the three classes of activities discussed in section 1.2 above, being:

- Gas Governance;
- Facilitating industry systems and processes; and
- Trusted Advisor to Government and Industry.

Flexibility and Cost Efficiencies

It is always possible that unplanned, unbudgeted work might need to be undertaken in any one year. This is particularly a result of the changing nature of the industry and the period that elapses between development of each year's proposal and its implementation. Gas Industry Co prefers not to budget contingency amounts to keep the levy at a reasonable level. If unplanned or unbudgeted work becomes a priority, Gas Industry Co will reassess its planned workstreams and/or milestones.

As with all public and levy-raising entities, Gas Industry Co aims to deliver value in both its operational workstreams and in the provision of support services to Gas Industry Co as a whole. There is a specific focus on delivering efficiency and value for money.

As well, Gas Industry Co has considered carefully how each line item in the work programme should be budgeted. Some areas are demand-driven and it does not make sense to make full provision for each of these individually. Instead, Gas Industry Co makes a modest provision for these items and will manage within the global amount.

3.2 FY2024 Work Programme: Trusted Advisor to Government and Industry

Gas Transition Plan

The government's emissions reduction plan includes work to develop a Gas Transition Plan to drive emission reductions from natural gas. The plan will be a key input into a broader Energy Strategy, showing how emissions from gas can be reduced in line with targets in emissions budgets, in legislation, and in New Zealand's international commitments.

Gas Industry Co is working with MBIE to develop the plan. MBIE is engaging with consumers, non-government organisations, other interested parties, and Treaty partners. Gas Industry Co is engaging closely with industry as the plan develops.

Work to develop the plan commenced in May 2022, with targeted engagement during 2022.

Public consultation on the Plan is expected around mid-2023 before finalisation. The Energy Strategy is expected at the end of 2024.

The purpose of the Gas Transition Plan is to establish transition pathways for decarbonising the gas sector in line with the first three emissions budgets. It will provide a framework to inform and engage with industry and other stakeholders about the challenges and

opportunities. Further measures that may be required to achieve an 'equitable transition' will be identified.

The plan is also expected to establish a strategic view on the potential role for renewable gases, including potential measures for accelerating their uptake, and for carbon capture and utilisation technology.

Actions will be set out for the government to undertake, with the aim of providing more certainty about the government's future gas work programme. Recommendations for the gas industry will also be part of the plan.

Forecast activities in FY2024

Recommendations from the Gas Transition Plan may be implemented in FY2024.

Recommendations may include any of the following:

- Blending of renewable gas into gas networks and measures to bring renewable gases into the natural gas market, such as tradeable renewable gas certificates and other market measures;
- New regulatory arrangements relating to CCUS;
- Measures to support and strengthen gas security of supply, including security for industrial use and electricity.

Recommendations arising from the Gas Transition Plan may require new gas governance arrangements or amendments to existing arrangements.

Energy Transition

Substantial changes to the role of gas are anticipated to 2050, when New Zealand by law is targeted to become a net zero emissions economy.

Gas Industry Co is already dedicating significant resources to transition issues such as its work with MBIE on the Government's Gas Transition Plan.

Forecast activities in FY2024

While work on issues relating to the gas transition will continue to be required in FY2024, further issues in the energy transition will overlap and complement the substance of the Gas Transition Plan. Examples of energy transition issues include:

- Investment in ongoing field development, and solutions to investment confidence issues identified in the 2021 gas market settings investigation, where those are not fully addressed in the Gas Transition Plan;
- Measures to ensure gas is available, including for electricity (where responsibility for markets involves collaboration between regulatory agencies);
- Consideration of whether additional or changed mechanisms are needed to ensure natural gas is available to industrial users in times of unexpectedly tight supply;
- Our regular supply and demand studies;
- Consider whether any additional or changed mechanisms are needed to ensure natural gas is available to industrial users in times of unexpectedly tight supply;

- Engagement with agencies responsible for achieving emissions reductions to ensure measures align with security of supply and emissions reductions plans in the gas sector.

3.3 FY2024 Work Programme: Gas Governance

Critical Contingency Management

The purpose of the Gas Governance (Critical Contingency Management) Regulations 2008 (CCM Regulations) is to achieve the effective management of critical gas outages and other security of supply contingencies without compromising long-term security of supply. The CCM Regulations provide for the appointment of a Critical Contingency Operation (CCO) and that role is responsible for determining, managing, and terminating critical contingencies, as well as associated activities such as stakeholder training and running exercises.

Forecast activities in FY2024

- Make a Recommendation to the Minister to amend the CCM Regulations;
- Support MBIE through the legislative change process;
- Implement proposed changes to the CCM Regulations including consequential changes to existing industry processes.

Guidelines to Enhance Consumer Outcomes

Gas Industry Co monitors governance arrangements in related industries to assess whether any changes may influence existing gas industry regulations, and if any changes to gas regulations are required in response.

The Government's Electricity Price Review made 32 recommendations about whether the electricity market delivers efficient, fair, and equitable prices to customers. Gas Industry Co considered it prudent to review whether those recommendations should apply to the gas market, given the similarities and links between the gas and electricity markets. Gas Industry Co consulted on its assessment of the application of the EPR recommendations to the gas market. Following this consultation process, Gas Industry Co developed new guidelines for:

1. Dealing with vulnerable gas consumers;
2. Raising consumer awareness of the Utilities Disputes and Powerswitch services; and
3. Managing saves and winbacks behaviour in the gas market.

Forecast activities in FY2024

- Follow up on steps taken by dual fuel retailers to comply with the guidelines in accordance with the 12-month review process in the following guidelines:
 - Consumer Care Guidelines;
 - Guidelines for Raising Awareness of Utilities Disputes and Powerswitch;
 - Saves and Winbacks Guidelines.
- Commence work on any actions arising from the review of participants' processes.

Advanced Gas Metering

Gas Industry Co is determining what changes are required to support the roll-out of Advanced Gas Metering Infrastructure (AGMI). This includes assessing if there is merit in changing the Gas (Switching Arrangements) Rules 2008 (Switching Rules) and the Gas (Downstream Reconciliation) Rules 2008 (Reconciliation Rules), and working closely with industry to ensure associated gas industry systems and rules are fit for purpose.

Forecast activities in FY2024

- Finish working through the list of issues from the 2021 Issues Paper with the AGMI working group;
- Consult on a Statement of Proposal for rule changes and determine the preferred approach for non-regulatory aspects;
- Make a Recommendation to the Minister and begin implementation of system changes;
- Go-live of new arrangements and monitoring of new processes (eg UFG allocation and D+1) to ensure they are working effectively.

Retail Gas Contracts Oversight Scheme

In 2010, Gas Industry Co established a Retail Gas Contracts Oversight Scheme. This was designed to assess retailers' contracts with residential and small commercial/industrial consumers, against a series of benchmarks of satisfactory customer expectations and outcomes. Reviews are undertaken by an Independent Assessor.

The next full review is underway. An Independent Assessor has been engaged to carry out the assessment of retailers' contracts with residential and small commercial/industrial consumers and will advise retailers of the results prior to the end of FY2023.

Forecast activities in FY2024

- Review the Scheme's Benchmarks and Reasonable Consumer Expectations in light of changes to industry processes (eg Consumer Care Guidelines) and legislative changes;
- Review new-entrant retail contracts, as requested; and
- Provide information to new entrant retailers to help them understand their obligations and the governance processes.

Gas Distribution Contracts Oversight Scheme

In 2012, Gas Industry Co established the Gas Distribution Contracts Oversight Scheme. This is an industry agreed scheme which assesses standard contracts between gas distributors' and gas retailers against a set of principles.

Gas Industry Co appointed an Independent Assessor in FY2014 who found that contracts offered by distributors exhibited 'substantial' alignment with the set of principles agreed upon.

Following the 2014 assessment, Gas Industry Co's assessments would be undertaken on an exceptions basis (as contracts are revised or replaced). In our most recent survey of distributors in 2020, no material changes had been made to distribution agreements since 2014. However, we understand that one distributor is currently working on a new agreement.

Forecast activities in FY2024

- Review the Gas Distribution Contracts Oversight Scheme following discussions with retailers and distributors, and report on any necessary changes.

Downstream Reconciliation/D+1

The purpose of the Reconciliation Rules is to establish a set of uniform processes that enable the fair, efficient, and reliable downstream allocation and reconciliation of downstream gas quantities.

In addition to business-as-usual activities such as managing the Allocation Agent, commissioning audits and investigating unaccounted for gas, Gas Industry Co will carry out an appointment process in preparation for the expiry of the current allocation agent contract.

Forecast activities for FY2024

- Complete regulatory process to codify D+1 (assuming we receive continued support in the FY2023 Options Paper), comprising a Statement of Proposal followed by a Recommendation to the Minister to amend the Reconciliation Rules;
- Procurement process and execution of new service provider agreement for Allocation Agent (current contract expires end of 2023);
- Ensure alignment of allocation system and processes with market changes (D+1, advanced metering, renewable gases).

Switching and Registry

The purpose of the Switching Rules is to establish a set of gas switching and registry arrangements that enable consumers to choose, and alternate, efficiently and satisfactorily between competing retailers. The Switching Rules provide for a centralised database, the gas registry, which stores key technical parameters about every customer installation and facilitate and monitors each customer switch from initiation through to completion.

The Switching Rules provide for the appointment of a Gas Registry Operator. The appointment of the current Gas Registry Operator does not expire until 2025.

Forecast activities in FY2024

- Manage Registry Operator contract;
- Assess the ongoing performance of the Switching Rules;
- Monitor and report on switching statistics;
- Make determinations under the Switching Rules as required;
- Commission performance and event audits as required;
- Follow up on any issues identified in the switching audits.

Compliance and Enforcement

The Gas Governance (Compliance) Regulations 2008 (Compliance Regulations) provide for monitoring and enforcement of the other gas governance rules and regulations. The compliance arrangements are designed as an efficient, low-cost means of determining or, where appropriate, settling rules/regulations breaches that raise material issues.

Forecast activities in FY2024

- Perform Market Administrator role;
- Assess ongoing performance of the Compliance Regulations;
- Assist Investigator and Rulings Panel as required; and
- Monitor compliance trends for indications of regulatory inefficiency.

Statement of Intent and Annual Report

The Gas Act requires that the industry body provide its Annual Report to the Minister of Energy and Resources within three months of the end of the financial year (the Minister then tables it in the House of Representatives). Similarly, annual Statements of Intent (SOI) are required to be submitted to the Minister for comment prior to being finalised and published.

Forecast activities in FY2024

- Prepare and publish the SOI to meet statutory timeframes;
- Provide the draft SOI to the Minister for comment prior to publication; and
- Prepare and publish the Annual Report and meet requirements for tabling in Parliament.

Other Reporting

Gas Industry Co is required by the Gas Act to report on the present state and performance of the gas industry. It does this through a number of publications, including Switching Statistics, Quarterly Report and Industry Performance Measures.

Forecast activities in FY2024

- Prepare and publish Switching Statistics and Industry Performance Measures; and
- Continue engagement and communications for interested stakeholders.

3.4 FY2024 Work Programme: Facilitating Industry Systems and Processes

Information Disclosure

In 2018 Gas Industry Co commenced a workstream to assess the level of information disclosure in the industry and consider options to address any issues found, including disclosure of gas production and storage facility outage information. A Statement of Proposal was consulted on, and the conclusion from this work was that the regulatory objective is unlikely to be satisfactorily achieved by any reasonably practicable means other than through regulation.

In FY2022 Gas Industry Co made a recommendation to the Minister, with the Gas (Facilities Outage Information Disclosure) Rules 2022 due to come into effect on 1 April 2023. These rules provide for:

- The disclosure of information regarding an unplanned outage or planned outage at a gas production facility or a gas storage facility; and
- The disclosure of information to the industry body to enable it to monitor compliance with these rules.

Forecast activities in FY2024

- Review performance of the Gas (Facilities Outage Information Disclosure) Rules 2022 including disclosing party compliance.

Gas Transmission

The suitability of transmission arrangements during the energy transition is a matter that will likely require further consideration, including by Gas Industry Co's energy transition workstream.

Forecast activities in FY2024

- Potentially working with the Commerce Commission regarding recommendations impacting pipeline regulation in the Gas Transition Plan;
- Monitor asset management plans for gas transmission and report on any significant matters;
- Review transmission pipeline interconnections as required, address any concerns regarding reasonable access, and amend the Guidelines as required.

Q3: *Do you consider there to be any other items that should be included in Gas Industry Co's intended Work Programme for FY2024? If so, please describe the work required and how that work achieves the outcomes sought under the Gas Act and GPS.*

Q4: *Do you consider there to be any items that should be excluded from Gas Industry Co's intended Work Programme for FY2024? Please provide reasons for your response.*

4. Funding of Operations



4.1 Sources of Funding

Gas Industry Co has two main sources of funding to meet the total costs of delivering on the Work Programme and other aspects of its role as the industry body – the levy and market fees.

Levy

The levy funds the industry body's costs that are not covered by market fees, including the direct costs of workstreams and non-operational expenditure for the business.

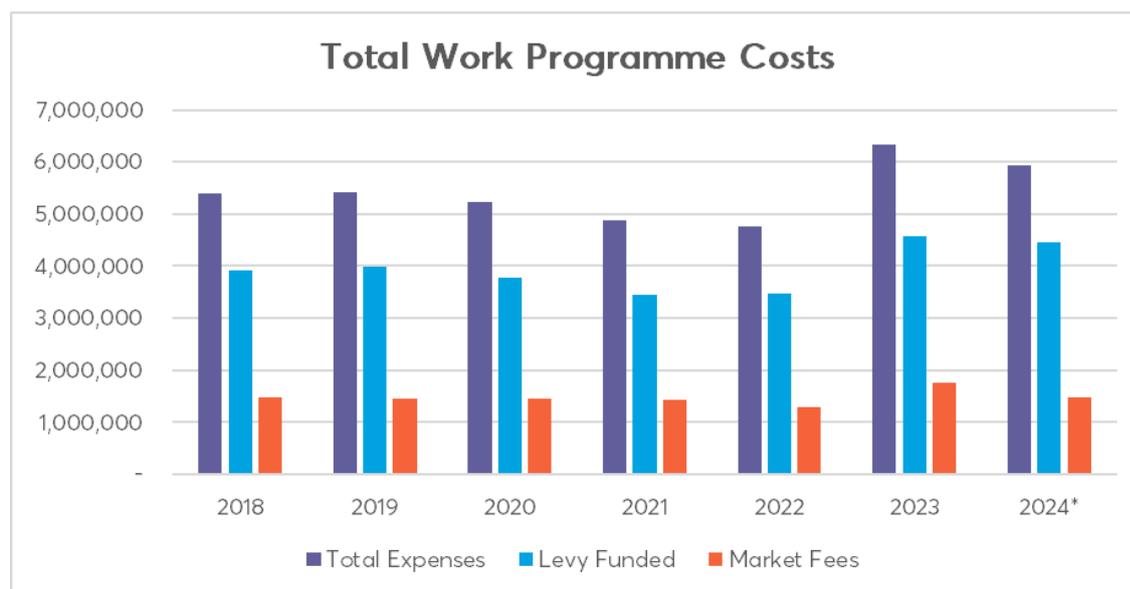
Market Fees

Established gas governance rules and regulations include provision to recover costs directly required to meet Gas Industry Co's obligations under those arrangements (referred to as 'market fees'). These cover the contractually agreed costs of any service providers (particularly the Allocation Agent, the Registry Operator and the Critical Contingency Operator) and any other expected direct costs related to the monitoring of those arrangements.

A formal estimate of market fees for each set of rules or regulations is published two months before they apply with each new financial year commencing on 1 July. Market fees collected are applied to actual expenses incurred for each set of rules or regulations. Any shortfall or excess fees are invoiced/credited to the market fee payers in a year-end 'wash-up'.

4.2 Total Work Programme Costs

Gas Industry Co expects the FY2024 levy funding requirement to be \$4,455,703 (\$4,579,373 in FY2023), and market fees to be \$1,487,750 (\$1,713,450 in FY2023). Added together, this results in total work programme costs for FY2024 of \$5,943,453 (\$6,340,373 in FY2023), as illustrated in the diagram below.



Combining all of the above, the levy funding requirement for FY2024 can be calculated as follows:

| Description | \$ |
|---|--------------------|
| Gas Governance | 3,047,246 |
| Comprising: Critical Contingency Management; Guidelines to Enhance Consumer Outcomes; Advanced Gas Metering; Retail Gas Contracts Oversight Scheme; Gas Distribution Contracts Oversight Scheme; Downstream Reconciliation/D+1; Switching and Registry; Compliance and Enforcement; Statement of Intent and Annual Report; Other Reporting. | |
| Facilitating Industry Systems and Processes | 1,113,926 |
| Comprising: Information Disclosure; Gas Transmission. | |
| Trusted Advisor to Government and Industry | 1,782,281 |
| Comprising: Gas Transition Plan; Energy Transition. | |
| Total Work Programme Costs | 5,943,453 |
| Less: Approximate Market Fees | (1,487,750) |
| Levy Funding Requirement | 4,455,703 |

4.3 Proposed Levy Method and Rates

Gas Industry Co's existing levy method:

1. Is based on a set of [Levy Principles](#). In summary, those Principles are economic efficiency, beneficiary pays, rationality, simplicity, equity, and revenue sufficiency; and
2. Has two components: a wholesale component and a retail component. These components are apportioned according to the cost allocated to each part of the annual work programme and apportioned among levy payers pro rata with either their wholesale levy volumes or ICP market shares. In years when the work programme focusses on retail issues, for instance, the retail levy rate will increase while the wholesale levy rate will decrease.

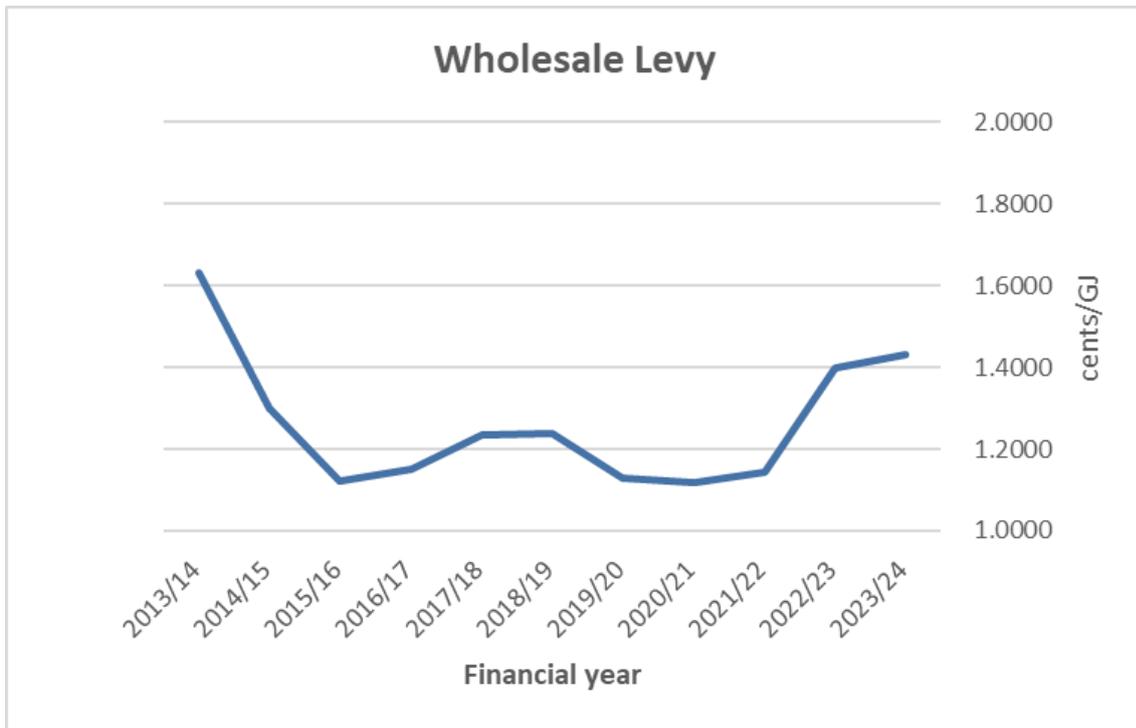
These arrangements have remained unchanged since 2007.

Based on the TWPC above, the levy rates for FY2024 would be:

1. Wholesale levy: 1.4326c/GJ (up from 1.3997c/GJ in FY2023, a 2.35% increase); and
2. Retail levy: \$6.54/ICP1 (down from \$6.63/ICP in FY2023, a 1.39% decrease).

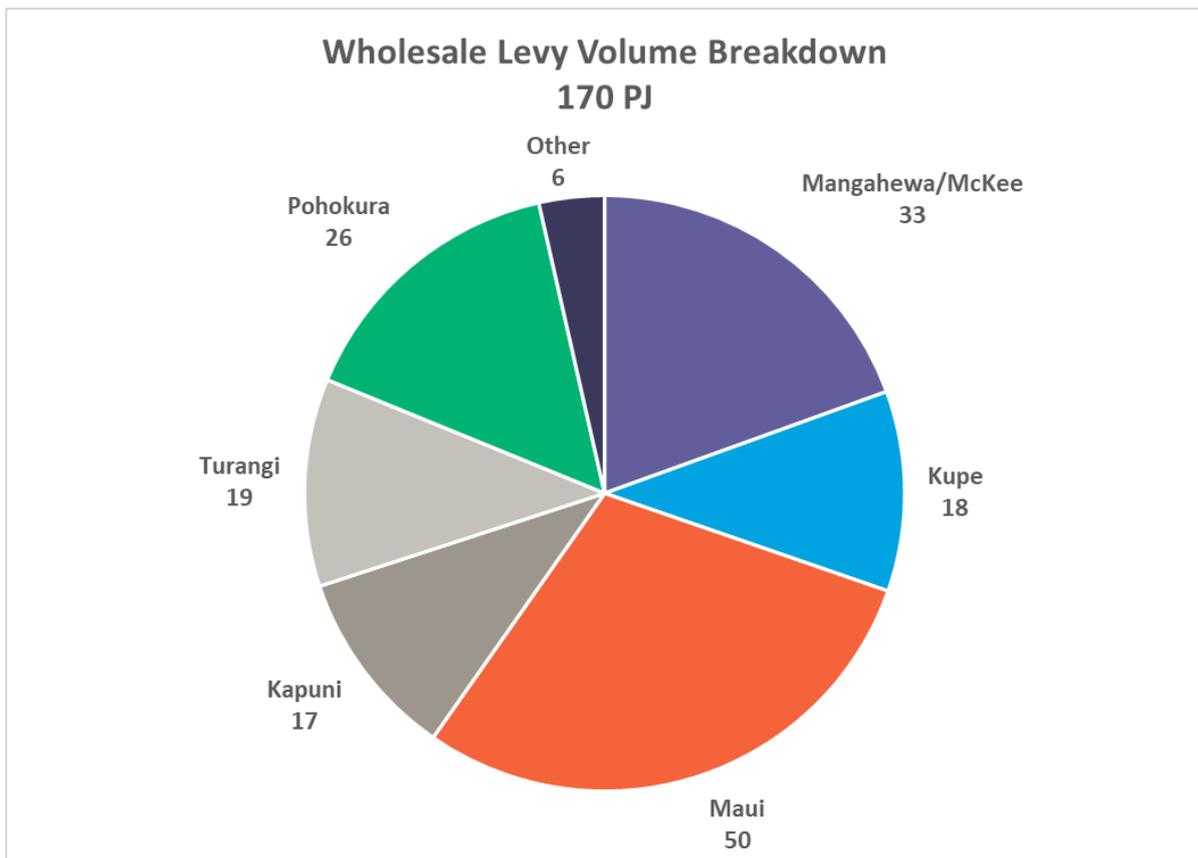
The 2.35% increase in the FY2024 wholesale levy is driven by a 170 PJ draft gas volume assumption (down from 185 PJ in FY2023). The trend in both wholesale and retail levies is illustrated in the graphs below:

¹ This figure equates to a sum of \$0.5525 per month



Assumptions:

1. The draft gas volume assumption for FY2024 is 170 PJ (down from 185 PJ in FY2023). This is based on soundings from industry and external consultants and has led to a 2.35% increase in the wholesale levy for FY2024. The breakdown of the 170 PJ assumption per gas field is illustrated below:



- The ICP assumption of approximately 309,000 is based on the current number of ACTIVE-CONTRACTED entries in the gas registry adjusted for average monthly growth.

Q5: *Gas Industry Co is particularly interested in industry comment on the forecast gas volumes - do stakeholders consider the 170 PJ projection reasonable? If not, what would they consider an appropriate gas volume estimate to be? **NOTE – any submissions provided in response to this question will be treated as confidential and will not be published.***

Q6: *Do you have any comment on the proposed levy rates for FY2024?*

Appendix A – Recommended format for submissions



To assist Gas Industry Co in the orderly and efficient consideration of stakeholders' responses, a suggested format for submissions has been prepared. Respondents are also free to include other material in their responses.

| Question | Comment |
|---|---------|
| Q1: Do submitters agree with Gas Industry Co's assessment of the strategic context? | |
| Q2: Do submitters have any comments on the process for developing Gas Industry Co's FY2024 Work Programme and Levy? | |
| Q3: Do you consider there to be any other items that should be included in Gas Industry Co's intended Work Programme for FY2024? If so, please describe the work required and how that work achieves the outcomes sought under the Gas Act and GPS. | |
| Q4: Do you consider there to be any items that should be excluded from Gas Industry Co's intended Work Programme for FY2024? Please provide reasons for your response. | |
| Q5: Gas Industry Co is particularly interested in industry comment on the forecast gas volumes - do stakeholders consider the 170 PJ projection reasonable? If not, what would they consider an appropriate gas volume estimate to be? NOTE – any submissions provided in response to this question will be treated as confidential and will not be published. | |
| Q6: Do you have any comment on the proposed levy rates for FY2024? | |

About Gas Industry Co

Gas Industry Co is the gas industry body and co-regulator under the Gas Act. Its role is to:

- Develop arrangements, including regulations where appropriate, which improve:
 - the operation of gas markets;
 - access to infrastructure; and
 - consumer outcomes;
- Develop these arrangements with the principal objective to ensure that gas is delivered to existing and new customers in a safe, efficient, reliable, fair, and environmentally sustainable manner; and
- Oversee compliance with, and review such arrangements.

Gas Industry Co is required to have regard to the Government's policy objectives for the gas sector, and to report on the achievement of those objectives and on the state of the New Zealand gas industry.

SUBMISSIONS CLOSE:

7 February 2023

SUBMIT TO:

consultations@gasindustry.co.nz

ENQUIRIES:

info@gasindustry.co.nz