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30 January 2024

Submissions  
Gas Industry Company Ltd

Nova Energy Limited  
PO Box 3141, Wellington 6140

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

**Re: Gas Industry Co. FY2025 Work programme and levy**

Nova agrees with the Gas Industry Company's (GIC's) assessment of its role.

Nova is concerned, however, that the transitional pressures on supply and demand are arising faster than previously anticipated, and there is a need for an increased focus on the reliable supply and transmission of gas. A key finding in the Gas Supply and Demand Study commissioned by the GIC concludes that "The current commercial environment is providing challenges for bringing new natural gas supply to market and demand may not be met".

While the issues highlighted in the report are not within the GIC's control, a dry hydro inflow sequence this winter could result on pressure on gas supplies to meet the needs of thermal electricity generation. Gas production and demand is a 24/7 operation and balancing gas production and transmission to balance the demands of gas-fired peaker operations is difficult when wind generation impacts so significantly on net generation requirements on an hour by hour basis.

It is for this reason that Nova is calling for an increased focus by the GIC on ensuring that gas balancing can be managed on a 7-day a week basis. The delays to providing D+1 reconciliation data on a daily basis has had a significant cost to shippers and needs to be addressed. In a tight hydro situation, electricity prices can be expected to be very high at peak demand times and the pressure will be on for generators to use what gas is available in the transmission network. Under those circumstance, mismatches between injection and offtake will become very expensive.

It is critical therefore to introduce D+1 and gas balancing to 7-days a week as soon as possible. The forecast activities FY2025 are not sufficient to meet this urgency.

Yours sincerely



Paul Baker

Commercial & Regulatory Manager

