



Responses to Consultation Questions

Gas Industry Co FY2025 Work Programme and Levy

Submission prepared by: **Bluecurrent**

Question	Bluecurrent's comments
1. Do submitters agree with Gas Industry Co's assessment of the strategic context?	<p>Bluecurrent broadly agrees with Gas Industry Co's assessment of the strategic context for its proposed Work Programme and Levy for FY25.</p> <p>Gas plays an important role in ensuring an orderly transition to a highly renewable energy future. Gas supports electricity generation, when required particularly during dry winters, and remains a fuel of choice for many small consumers and those with limited fuel alternatives.</p> <p>As a metering service provider, Bluecurrent is highly conscious of the critical role that advanced gas meters play in ensuring an orderly transition of the gas sector. Data generated by advanced gas meters enables greater market efficiency and transparency, providing end consumers greater control over their energy costs and helping ensure energy affordability during the transition. It also helps facilitate the emergence of markets for renewable gases, enabling investors, market participants, and consumers to make more informed decisions as they navigate the energy transition. As such, advanced gas metering is an important component of any gas transition strategy or plan.</p>
2. Do submitters have any comments on the process for developing Gas Industry Co's FY2025 Work Programme and Levy?	<p>Bluecurrent generally agrees with the process for developing Gas Industry Co's FY25 Work Programme and Levy. This process is well-established and has been guided over the years by the principles of economic efficiency, beneficiary pays, rationality, simplicity, equity, and revenue sufficiency.</p> <p>We note Gas Industry Co's intention of reviewing the existing levy methodology, in the context of forecast declining wholesale levy volumes. We support such a review, in principle, and believe that the above principles would still largely apply, together with any additional principles to support new objectives that further benefit end consumers (e.g. enabling an orderly gas sector transition and ensuring any levy methodology changes will not drive increases in end consumers' gas bills).</p>

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<p>3. Do you consider there to be any other items that should be included in Gas Industry Co's intended Work Programme for FY2025? If so, please describe the work required and how that work achieves the outcomes sought under the Gas Act and GPS.</p>	<p>Advanced gas meter data</p> <p>As part of its ongoing work on developing and implementing changes to gas governance arrangements, or any related work in the near future, we suggest that Gas Industry Co consider arrangements that would <u>enable metering service providers to provide advanced gas meter data directly to gas distribution networks via commercial arrangements</u>. This would be akin to the approach being proposed for the provision of ICP data to distribution networks in the electricity sector. This will enable gas distribution businesses to manage their network more efficiently, in support of an orderly gas transition.</p> <p>In the electricity market, Bluecurrent has successfully entered into commercial arrangements with electricity retailers and distributors without the need for changes to the <i>Electricity Industry Participation Code</i>. There is clear evidence in the electricity market that significant progress has been made, and is being made, by industry participants in facilitating data access via commercial arrangements. We would like to see the diverse benefits of advanced gas meters delivered in the same manner in the gas sector, and will be happy to discuss with Gas Industry Co the approaches used for these various arrangements.</p> <p>Gas distribution network services agreements</p> <p>Bluecurrent notes Gas Industry Co's intention to "complete an assessment of Firstgas's new distribution contract", as part of its forthcoming activities under the Gas Distribution Contracts Oversight Scheme. To provide a more complete picture, we suggest that Gas Industry Co also examine how many of the draft distribution network services agreements it reviewed in 2014 have actually been completed, signed, and executed.</p> <p>More frequent updates for industry participants</p> <p>The industry has gained useful insights on potential gas transition pathways over the past year, informed by the Ministry of Business, Innovation and Employment's consultation on a gas transition plan and Gas Industry Co's work in support of that consultation. The gas sector will continue to evolve and be subject to uncertainty during the transition, particularly during the earliest stages. We suggest that Gas Industry Co provide more frequent updates and/or hold regular forums with industry participants, say every 4 months, on gas market and technological developments in New Zealand and overseas, including updates on renewable gas trials. This will provide participants with more timely signals, enabling them to better navigate the transition.</p>

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	<p>In relation to renewable gas trials, we suggest that trials that fully or partially benefit from public funding be open to all interested parties on a contestable basis.</p>
<p>4. Do you consider there to be any items that should be excluded from Gas Industry Co's intended Work Programme for FY2025? Please provide reasons for your response.</p>	<p>Bluecurrent does not see the need to exclude any items in Gas Industry Co's intended Work Programme for FY25.</p> <p>We encourage Gas Industry Co to accord high priority in the immediate term to introduce changes to the regulatory framework to support the progress of market-led activities, including the rollout of advanced gas metering infrastructure and adoption of D+1. This will require changes to the <i>Gas Reconciliation Rules</i> and <i>Gas Switching Arrangements Rules</i>, among other improvements.</p> <p>Focusing on the above actions will improve efficiency and transparency in market processes that will help provide a robust foundation for an orderly gas sector transition.</p>
<p>5. Gas Industry Co is particularly interested in industry comment on forecast gas volumes – do stakeholders consider the 150 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.</p>	<p>[No comment.]</p>
<p>6. Do you have any comment on the proposed levy rates for FY2025?</p>	<p>Bluecurrent considers the proposed levy rates for FY25 to be reasonable, in the context of Gas Industry Co's flat levy profile over the past several years and its increasingly heavier workload related to the gas sector transition.</p> <p>In addition to the more frequent updates from Gas Industry Co that we propose in our response to Question 3, we urge Gas Industry Co to encourage industry-initiated discussions and actions – using industry participants' resources – relating to the gas sector transition. Ongoing industry-wide discussions will help capture views/insights and information on significant market and technological developments that may otherwise not be captured, or fully captured, in formal regulatory processes.</p>