

Gas Industry Company FY2027 Work Programme and Levy

Clarus welcomes the opportunity to submit this response to the Gas Industry Company's (GIC) consultation on its FY2027 work programme and levy.

GIC's work programme

We generally support the GIC's proposed work programme. We agree with the work programme's focus on gas supply issues.

In relation to the various projects proposed for 'gas supply' issues:

- We support the proposed work on biogas. However, biogas and renewable gas have featured on previous GIC work programmes and it is difficult to see what, if anything, has actually been delivered by the GIC (since work on the gas transition plan). Accordingly, we encourage the GIC to take a more disciplined approach to committing to a scope and minimum deliverables for this project.¹
- We support the revised approach to the GIC's levy funding arrangements. In particular, the shift in focus away from biomethane and LPG is welcome while these gases make up such a small part of the GIC's costs.
- There are no projects that we recommend for removal from the GIC's work programme.

As a gas pipeline owner, our Firstgas business are strongly interested in the GIC's proposed 'future of infrastructure' project (the only project proposed for 'network viability' issues):

- We support investigating the impact on consumers from future allocation of gas pipeline costs, though this would be better characterised as a part of the GIC's 'gas pricing' workstream. All stakeholders would benefit from clear public information about the contribution of different input costs into the overall prices that gas consumers face.
- We are puzzled by the GIC's proposed examination of lower pipeline pressures and fewer compressors, as this seems duplicative of our role as the gas transmission operator. We expect that a future with less gas will involve network rightsizing, lower pressures and fewer compressors, but don't understand what value the GIC will add in this area.

¹ We note the GIC's proposed work programme for biogas included "Completing any remaining work in relation to the amendment of the Downstream and Switching Rules..." We suspect the reference to 'switching' was intended to be a reference to the reconciliation rules rather than the switching rules.



In relation to the two projects proposed for 'gas pricing' issues:

- We support the proposal to provide guidance to assist industrial gas consumers who have become, or are looking to become, their own gas shipper. This has been an emerging trend and it is likely that the regulatory arrangements are not ideally suited to these parties' needs.
- We recommend expanding the scope of the proposed residential gas pricing work to cover pricing of disconnection services. As more gas consumers seek to end their use of gas, the cost (and availability) of options to be disconnected 'at the meter' or 'at the street' has garnered increasing public attention in the last year.² In a submission to the Commerce Commission we wrote:

*"We encourage the Commission to work with the Gas Industry Company (GIC) on [monitoring of disconnection costs]. The Commission's narrower (network regulation) gas-related mandate will not be sufficient to help consumers understand disconnection pricing, as that is mediated through retailers and is dependent on other suppliers (such as metering providers) in addition to GDBs. GIC is proposing that its 2027 work programme will include a project focused on monitoring and providing insight to residential gas users. Ideally, the Commission's and GIC's monitoring will be efficient (avoiding duplication) and provide consumers with meaningful insight."*³

We have no other items to suggest for inclusion in the GIC's work programme.

GIC's forecast of gas volumes



² For example RNZ's [Customer told it would cost \\$7500 to disconnect gas](#), RNZ's [High prices, disconnection fees hamper homes with gas](#) (and Rewiring Aotearoa's [follow-up article](#)), Energy News' [Customer complaints increase alongside power prices](#), Rewiring Aotearoa [alleging](#) Castalia's report to the GIC had inaccurate assumptions about the cost of disconnection, and various submissions to the Commerce Commission on the fourth default price-quality path for gas.

³ Available from [here](#)