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Sent via email: consultations@gasindustry.co.nz

Dear Andrew

Extending the Electricity Price Review to the Gas and LPG Market – Second Consultation

Firstgas Group welcomes the opportunity to comment on the Gas Industry Company's (GIC) consultation paper "*Extending the Electricity Price Review (EPR) to the Gas Market Submission Analysis and Recommendations*" released on 8 March 2021. We welcome how the GIC has incorporated industry feedback into their process when making the final recommendations. We strongly support the GIC's plans for a large "future of gas" workstream, which we consider will be a priority workstream in coming years.

Firstgas Group wishes to comment further on three of the recommendations that the GIC is reconsulting on.¹ In principle, we support the recommendations outlined in B6, C1 and C2. However, we are unsure how these recommendations can be practically applied across to the gas sector, particularly the LPG market.

B6: Set mandatory minimum standards to protect vulnerable and medically dependent consumers

We support extending the Electricity Authority's (EA) definition of vulnerable and medically dependant consumers across to the gas sector. It is important that robust processes are in place to work with this group of customers, particularly to avoid disconnections of medically dependent customers. We note that many dual fuel retailers have already taken steps to expand this definition across to their gas customers.

For gas customers, the GIC currently has the load shed code 7 in their ICP registry to determine at risk customers. This code is used to determine in a critical contingency² which ICPs are prioritised. We would encourage the GIC to expand load shed code 7 to include all customers who are defined as vulnerable or medically dependant. This would help us to establish further protections for these customers, especially in emergency events.

While supportive in principle, it is unclear how the EA's approach could translate across to the LPG market and provide a workable solution. The LPG sector does not have a central registry to easily apply this recommendation. In addition, the network that serves LPG customers is diverse and delivery points for customers are often service stations, especially for 9kg bottles.³ We would welcome the opportunity to discuss this recommendation with the GIC and the LPG sector, to see what other practical options could be explored in this space, to assist both vulnerable and medically dependent consumers.

¹ On the other three consultation questions, we refer the GIC back to our first response and have no further comments.

² Critical Contingency occur when there is a shortage of gas supply relative to demand. The pressure on the gas transmission system can fall to a point where intervention is required to ensure a sufficient supply of gas in the transmission system to supply distribution networks.

³ These are used in winter for essential heating.



C1: Merge the Electricity Authority and Consumer NZ price comparison websites

Firstgas supports creating a single website to enable customers to compare energy costs across multiple fuels. Natural gas has already been integrated into PowerSwitch and customers have benefited from having the choice.

In principle we support adding LPG to PowerSwitch. However, we believe it may be too challenging to add LPG to the scheme. There is no standard approach to the LPG market. The supply to residential customers is diverse. Often leading to large variation in price even between households on the same street. We feel that the intricacies of the LPG market may make it too challenging to fully integrate LPG into PowerSwitch. We consider that further discussion with the LPG sector is warranted before any further steps are taken.

C2: Improve consumer awareness of PowerSwitch and Utilities Disputes

Firstgas supports raising awareness of the PowerSwitch website and the Utilities Disputes scheme. It is important that customers are aware of how to compare energy costs across suppliers and have access to an independent party to deal with and resolve complaints. We agree that as the EA model is applied to dual fuel retails, this will gradually increase gas customers awareness of these services.

However, we are wary of expanding these services beyond dual fuel retailers, to gas distributors and LPG retailers. It is questionable whether the increased costs and administrative burden that these businesses will face when addressing this recommendation, would generate significant benefits for consumers. It is also uncertain whether an increased levy for gas participants is required, given the relative lower number of complaints that the gas sector receives relative to electricity sector participants. For example, Firstgas Group has on average two complaints per year.

We recommend that the GIC take a “watching brief” over this issue for the next 12 months, reviewing the trend in gas customer complaints and whether any further action is needed.

Contact details

If you have any questions regarding this submission, please contact William Hancock, Regulatory Analyst, on 027 922 5775 or via email at William.hancock@firstgasgroup.co.nz

Yours sincerely

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