

**Gas Industry Company FY26 Work Programme & Levy**  
**Genesis Energy Submission – 11 February 2025**

Question	Genesis Response
Q1. Do submitters agree with Gas Industry Co's assessment of the strategic context?	<p>GIC has summarised the strategic context well. Scarcity is the key overall challenge and consideration, given its impact on the energy system and broader economy.</p> <p>In this context alleviating scarcity through various means without unbalancing the energy system (including, critically, the electricity system) presents as the key challenge to the sector, and GIC as co-regulator. We urge GIC to be mindful of the role of gas within the broader energy system and economy. Taking a narrow view of what constitutes success against the objectives set by the Gas Act 1992 and Government Policy Statement on Gas Governance 2008 should therefore be avoided, given the attendant risk of simply shifting challenges from the gas sector to other parts of the economy.</p>
Q2. Do submitters have any comments on the process for developing Gas Industry Co's Work Programme and Levy	<p>Genesis continues to appreciate the collaborative approach GIC takes to developing the work programme and levy. Addressing the consultation paper specifically, there could be value in providing greater specificity around what activities are expected to be required under each specific work programme item. These are addressed in response to subsequent questions.</p>
Q3. Do you consider there to be any other items that should be included in Gas Industry Co's intended Work Programme for FY2026? If so, please describe the work required and how that work achieves the outcomes sought under the Gas Act and GPS.	<p>GIC's proposed work programme is comprehensive and in Genesis' view could be rationalised (see response to Q5) rather than materially expanded.</p> <p>However, Genesis urges GIC to consider as a priority what measures may be appropriate to provide for greater access to stored gas. This may take the form of providing for increased volumes of stored gas through additional storage, or arrangements to incentivise existing facilities to better support ensuring all users can access the gas they need at times of scarcity.</p> <p>New Zealand's gas storage capability is currently limited to the 'Flexgas' facility owned by First Gas / Clarus, in which capacity is fully contracted by two participants. This has been the case for some time. Genesis is actively considering how it may support further gas storage being added to the system under an arrangement with the owner of the Tariki field.</p> <p>GIC should reflect on how gas storage could best support the system, while to the fullest extent possible preserving investment signals and existing investment cases, given its clear benefits relative to large scale LNG and / or industrial shutdowns / closures.</p>

<p>Q4. Do you consider there to be any items that should be excluded from Gas Industry Co's intended Work Programme for FY2026? Please provide reasons for your response.</p>	<p>Genesis considers several work programme items should not be considered further. This is particularly true in light of budget pressures facing the co-regulator, and on consumers who ultimately bear the burden of costs imposed upstream.</p> <p><b>emsTradepoint</b></p> <p>Genesis agrees the emsTradepoint platform offers a valuable service. In addition to facilitating gas price discovery and providing some much-needed liquidity in the NZ gas market, emsTradepoint remains essential for market-based balancing functionality under the pipeline codes. We support GIC exploring measures to ensure the platform's continued operation if viability is not secured before the planned closure date.</p> <p>However, we are not persuaded that the case has been made for GIC to purchase the platform. In certain circumstances, Genesis would support investigation of ownership options by the GIC if a permanent solution is not found. We would expect consultation to include coverage of ownership models, how revenue from the platform would be treated and how safeguards are implemented to ensure there are no gas market implications from any GIC ownership / revenue distribution models.</p> <p><b>Facilitating LNG imports</b></p> <p>Genesis acknowledges the important role GIC played in facilitating the industry's work to understand the opportunity of large-scale LNG importation to improve energy security. It is unlikely this work could have been completed within such a short timeframe without the co-regulator's support.</p> <p>However, taking into account the study's findings, it is Genesis' view that GIC's role in this process has concluded. Individual participants, or a consortium thereof, may wish to continue to evaluate the opportunity, but it is not clear why levy payers should contribute via supporting GIC's involvement.</p> <p><b>Investigating the costs of fuel switching</b></p> <p>GIC proposes to investigate the lifetime cost of fuel switching for residential and small business consumers. This is proposed on the basis that GIC understands these costs may be 'much higher' than previously thought.</p> <p>Numerous Government agencies have in recent years concluded and publicly stated that transitioning to electricity is one of New Zealand's most promising emissions reduction opportunities. Similarly, there is a growing body of work from outside the Government that supports this contention.</p>
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	<p>Genesis does not support GIC expending resource duplicating the analysis of these other public and private entities. GIC rightly notes that it is not an advocate or lobbyist for industry; there is a risk of a perception issue arising should the Company engage in public commentary that encourages the ongoing use of gas which contradicts the work of other public entities.</p> <p>Furthermore, given the uncertain supply outlook, the cost of fuel switching may become irrelevant or at best a second order consideration if gas is unavailable.</p> <p>That said, we encourage GIC to share the information it holds supporting the conclusion that fuel switching is much less attractive than is commonly understood with, at a minimum, the Climate Change Commission and Transpower to 'sense check' the starting proposition.</p> <p><b>Additional or changed mechanism to ensure gas is available to all users in times of unexpectedly tight supply</b></p> <p>Genesis considers that the Critical Contingency Regulations are adequate to maintain security of supply for customers to protect against distribution network outages. We do not support expansion of these measures to mitigate against gas shortages over a timescale longer than those in the existing critical contingency regulations as this could impact sanctity of contract and market functioning.</p>
Q5. Gas Industry Co is particularly interested in industry comment on the forecast gas volumes – do stakeholders consider the 110 PJ projection reasonable? If not, what would they consider an appropriate gas volume estimate to be?	<div></div>
Q6. Do you have any comments on the proposed levy rates for FY2026?	None.