



7 February 2023

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**Methanex New Zealand Limited – consultation on Gas Industry Co FY2024 Work Programme and Levy**

Methanex welcomes the opportunity to provide a submission to the GIC on the proposed work programme and levy for FY2024.

Methanex supports the proposed work programme and the associated levy.

In the input template provided with the consultation document we have provided comments on the strategic context and levy outlook for future years. Should the GIC wish to address our comments, Methanex would be happy to work further with you on these topics.

Yours sincerely,

Stuart McCall



# Responses to Consultation Questions

## Gas Industry Co FY2024 Work Programme and Levy

Submission prepared by: Dylan Reid

Contact: Dylan Reid

Question	Comment
<p>Q1: Do submitters agree with Gas Industry Co's assessment of the strategic context?</p>	<p>The Strategic Context described in the consultation document is generally sound but incomplete. Petrochemical gas demand is not addressed while the strategic context for industrial demand, baseload and peaking electricity generation are all specifically referenced.</p> <p>This is a significant omission given petrochemical demand has unique characteristics and plays an important role in the sector:</p> <ul style="list-style-type: none"><li>- Largest demand segment by a significant margin</li><li>- Production is significantly curtailed <u>today</u> due to lack of secure, long-term supply</li><li>- Underpins continued gas development for the rest of the industry with long-term, material, stable demand and plays an important role in national-level energy security</li><li>- Much of the carbon from gas used in this sector is not burnt but ends up as product</li><li>- Is recognised as a "hard-to-abate" sector (most of New Zealand's industry requires low and medium heat and is not usually referred to as "hard-to-abate").</li><li>- The clear contribution that New Zealand's gas-based chemical production makes towards mitigating global emission increases</li></ul> <p>Methanex would be willing to work with the GIC to amend the strategic context to include a paragraph on the strategic context for petrochemicals.</p>
<p>Q2: Do submitters have any comments on the process for developing Gas Industry Co's FY2024 Work Programme and Levy?</p>	<p>No.</p>

<p>Q3: Do you consider there to be any other items that should be included in Gas Industry Co's intended Work Programme for FY2024? If so, please describe the work required and how that work achieves the outcomes sought under the Gas Act and GPS.</p>	<p>Methanex notes the high level of continuity in the work programmes and supports the continued work on the implementation of the Gas Transition Plan (a new item in last year's work programme).</p>
<p>Q4: Do you consider there to be any items that should be excluded from Gas Industry Co's intended Work Programme for FY2024? Please provide reasons for your response.</p>	<p>No.</p>
<p>Q5: Gas Industry Co is particularly interested in industry comment on the forecast gas volumes - do stakeholders consider the 170 PJ projection reasonable? If not, what would they consider an appropriate gas volume estimate to be? <b>NOTE – any submissions provided in response to this question will be treated as confidential and will not be published.</b></p>	<p>Confidential.</p>
<p>Q6: Do you have any comment on the proposed levy rates for FY2024?</p>	<p>Methanex appreciates the decline in absolute costs relative to last year and while costs haven't returned to previous years' levels we recognise the need for ongoing work in relation to the Gas Transition workstream which wasn't applicable then.</p> <p>Notwithstanding the absolute cost decline, the levy cost increase is disappointing. If volumes decline again next year and/or costs do not decrease sufficiently we will encourage the GIC to carefully weigh future work programme priorities against the industry's ability to pay.</p>