

## Nova Energy submission: Gas Industry Co. Work programme & levy for 2022

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Question	Comment
<p>Q1: We seek your input about looming issues on the horizon which will be addressed in current or future work programmes, as mapped in 1.1 above. What other issues should be on our horizon?</p>	<p>Climate Change Objectives for NZ and the role of gas. Ensuring that incentives are appropriate for suppliers, network providers and consumers.</p> <p>Ensuring that Wholesale market and information disclosure arrangement are and continue to be fit for purpose.</p> <p>Likely introduction of new remote reading gas meters for mass market consumers and ensuring that metering arrangements are fit or purpose and pro-competitive.</p>
<p>Q2: Technology changes, changes to market structures, the potential for new renewable infrastructure, and uncertainty over prices will all have an impact on existing facilities, commercial arrangements and regulatory structures and systems</p> <ul style="list-style-type: none"><li>• What changes to regulatory structures and systems do you believe Gas Industry Co should be reviewing?</li><li>• What other gas challenges arising from the energy sector transition should Gas Industry Co be assisting industry and Government to prepare for?</li></ul>	<p>The GIC should consider the long-term implications of pricing of gas transmission and distribution. Should government policies pro-actively subsidise conversions of process heat from gas to electricity, the apparent benefits at an individual site may not be economically sound as cost savings may merely shift cost to the rest of the industry. It is important the wider ramifications of any such policies are well understood.</p>
<p>Q3: Do you have any comments on the process for developing Gas Industry Co's Work Programme and Levy?</p>	<p>The Co-regulatory Forum held in November each year is a useful event, but it tends to be a little sterile in terms of generating a range of perspectives on industry issues. It would likely to be useful to have 1:1 engagement with a selection of industry participants prior to that stage in order to get a wider range of inputs for consideration at the Forum. This would also be an opportunity for the GIC to get direct feed back from participants on its performance in the different aspects of its work.</p>

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<p>Q4: Reflecting on Gas Industry Co's Sector Coordinating Entity Role in relation to the COVID-19 pandemic, we are interested in your feedback in relation to the following matters relating to both COVID-19 lockdowns (March and August 2020):</p> <ul style="list-style-type: none"> <li>• Standard of communications from Gas Industry Co (eg was the messaging clear, timely, targeted?);</li> <li>• What went well/what could be improved?</li> <li>• Learnings to take forward/feedback for Gas Industry Co?</li> <li>• Learnings to take forward/feedback we can pass on to MBIE?</li> <li>• Any other comments you would like to add?</li> </ul>	<p>Nova noted that D+1 gas allocations deviated significantly from actual during both the national C19 lockdown and the Auckland C19 lockdown, which meant allocations were out (by record quantities) for 6 months of last year (April to September). While these are eventually balanced up, such inaccuracies can create a potential advantage or disadvantage for some parties in the interim. It would be useful if this process could be more adaptive to market disruptions, whatever the cause.</p> <p>The messaging from GIC was generally clear, but it was less clear on how the information was being refined and used by MBIE, which created some uncertainty whether the information being provided was being pitched in the right level of detail.</p> <p>There was also some cross-over / confusion created where Transpower was also preparing responses for MBIE, but using different language, timeframes, and approaching different persons in the organization.</p> <p>From the perspective of maintain gas supplies and thermal generation capacity, a single reporting line would have been more efficient.</p> <p>A key concern through the process for both the gas production side and generation was enabling technical specialists to enter New Zealand to undertake critical maintenance work on plant. The process improved over time, and it was apparent that MBIE wished to be responsive to parties' needs, but given the potential economic costs and limited windows for some work to be done, delays were very frustrating.</p> <p>There is still a need for commercially managed isolation facility that can be utilised by parties booking firm capacity and paying the full costs involved.</p>
<p>Q5: Do you consider there to be any other items that should be included in Gas Industry Co's intended Work Programme for FY2022? If so, please describe the work required and how that work achieves the outcomes sought under the Gas Act and GPS.</p>	<ul style="list-style-type: none"> <li>• There are disparate policies by gas distributor and MEPs over the treatment of, and charging for vacant properties. A similar issue in the electricity sector has now been resolved with Distributors with the introduction of the Default Distribution Agreement.</li> <li>• Similarly, some purchasers of commercial properties do not realise they face significant costs if they wish to have gas facilities removed from their property. It would be useful if these issues could be resolved.</li> </ul>

Question		Comment
Q6:	Do you consider there to be any items that should be excluded from Gas Industry Co's intended Work Programme for FY2022? Please provide reasons for your response.	The Retail Gas Contracts Oversight Scheme could be excluded unless the GIC has evidence that a review at this time is needed. Nova is not aware of any particular concerns arising with consumers.
Q7:	Gas Industry Co is particularly interested in industry comment on the forecast gas volumes - do stakeholders consider the projection reasonable? If not, what would they consider an appropriate gas volume estimate to be?	
Q8:	Do you have any comment on the proposed levy rates for FY2022?	