

9th February 2022

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Submitted via email

OMV Upstream

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Submission on the Gas Industry Co FY2023 Work Programme and Levy

OMV New Zealand Limited welcomes the opportunity to comment on the *FY2023 Work Programme and Levy Consultation Paper*.

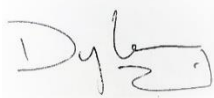
OMV is supportive of the proposed work programme and levy and we have included some comments, in the requested submission format, attached to this letter.

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Yours sincerely



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Stakeholder and regulatory affairs manager

Questions

Submission prepared by: OMV, Dylan Reid

Question	Comment
Q1: Do submitters agree with Gas Industry Co's assessment of the strategic context?	<p>At a high level the strategic context is a good description of the challenges faced by the gas industry today.</p> <p>We offer the following comments for consideration:</p> <p>1.1 Paragraph 4: it is not a given that “strategies will be needed to allocate diminishing quantities of gas”. This statement embeds two assumptions: 1) that supply will decline faster than demand requiring “strategies for allocation” and 2) that there will be less gas in the future.</p> <p>It is not a given that gas supply will continue to diminish. Supply may reach a sustainable level if there is sufficient demand in low emissions applications and “gas” includes supply from green hydrogen and biogas.</p> <p>It may be appropriate to replace “energy” with “electricity” in the phrase “provide security in an increasingly renewable energy system”. The electricity system may be decarbonising through the application of renewables, but it is possible that other technologies will play a role in decarbonising other energy sectors.</p> <p>1.1 Paragraph 5, Second Sentence: The sentence “market participants may be inadequately incentivised to provide security of supply for participants other than their own customers.” is an unusual articulation of the issue as, almost by definition, services are only provided to customers. We also consider that the service that may currently be lacking sufficient incentives is “capacity” rather than “security of supply”. A clearer formulation might be “...one weakness is that market participants may be inadequately incentivised to provide gas sales capacity to the market”</p> <p>1.1.Paragraph 7: The gas transition pathway is referred to as a multiyear programme that feeds into the national energy strategy. The national energy strategy is anticipated to be delivered in CY 2022. It would be useful to understand how the GIC sees the ongoing gas transition pathways work being used beyond the delivery of the national energy strategy this year.</p>
Q2: Do submitters agree with Gas Industry Co initiating and progressing the workstreams identified	Yes. <p>It would be useful to understand if the GIC sees this work programme coming to completion in the FY2023 year or if it expects these to be</p>

	in the Gas Market Settings Investigation final report (detailed in section 3.2)?	multi-year commitments. This would help to understand if increased FY2023 funding request is likely to be sustained in future years.
Q3:	Do submitters have any comments on the process for developing Gas Industry Co's FY2023 Work Programme and Levy?	Nothing further to add.
Q4:	Do you consider there to be any other items that should be included in Gas Industry Co's intended Work Programme for FY2023? If so, please describe the work required and how that work achieves the outcomes sought under the Gas Act and GPS.	Nothing further to add.
Q5:	Do you consider there to be any items that should be excluded from Gas Industry Co's intended Work Programme for FY2023? Please provide reasons for your response.	Nothing further to add.
Q6:	Gas Industry Co is particularly interested in industry comment on the forecast gas volumes - do stakeholders consider the 185 PJ projection reasonable? If not, what would they consider an appropriate gas volume estimate to be? NOTE – any submissions provided in response to this question will be treated as confidential and will not be published.	[ALL RESPONSES TO Q6 TREATED AS CONFIDENTIAL AND NOT PUBLISHED.]
Q7:	Do you have any comment on the proposed levy rates for FY2023?	See question 2.