

3 February 2025

Gas Industry Co

Via email: consultations@gasindustry.co.nz

Tēnā koe,

Funding a work programme to support a changing industry

Powerco appreciates the Gas Industry Co (GIC) approach to industry engagement in developing the FY26 work programme and levy proposal. We support the proposed work programme and associated levy rate. GIC has a critical role in ensuring regulatory settings (and the underpinning advice) support investor confidence and security of supply in New Zealand's energy future. Our feedback on the consultation is provided below.

The levy proposal is appropriate

- We support the **levy proposal** which involves similar, slight reduction in work programme cost, reduction in levy, and increase (reallocation) in market fees.
 - We acknowledge that the changing gas market warrants consideration of the levy system and support GIC looking into possible **changes to the levy arrangements** including levying LPG, LNG and biogas.
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Work programme priorities for security of supply

- Gas **reconciliation rules** that enable direct injection of renewable gas into distribution networks are a critical enabler to bring renewable gas into the system. We endorse completion of the work on changes to the gas rules (including for renewable gas data) and implementation support.
- Robust **gas distribution contracts** with retailers will become more important as the energy system changes. For example, as biogas becomes a part of gas distribution networks, or if decommissioning gas connections becomes more frequent. We would encourage further GIC work in FY26 on reviewing, and supporting completion of, standard gas agreements.
- **Security of supply** will be an ongoing priority in GIC's role as 'trusted adviser to Government'. As part of this work, we endorse GIC's active involvement in the DPP4 reset and regulatory issues highlighted through that process, as well as measures to support bringing renewable gases to the market.
- Measures for GIC to **facilitate renewable gases** include monitoring the use/execution of tradeable renewable gas certificates and any potential GIC actions (certification is critical for renewable gas to be part of supply); liaising with other government agencies on the linkages between renewable gas and other regulatory settings (eg water regulation reform, waste regulations); endorsing the carbon intensity standard currently in development by EECA; facilitating understanding and procurement of

renewable gases by government agencies using gas – to underpin demand for investment confidence and security for gas supply.

- We strongly support an investigation into the **lifetime cost and emissions outlook** for residential / small commercial consumers in fuel switching. Consumer sentiment and willingness to pay is an important component in understanding the consumer voice in switching and should be part of the study. We would endorse GIC doing this study with EECA to provide greater opportunity for the study to inform related regulatory, policy and consumer education work programmes. This study will be a useful input to the gas DPP4 reset if it is completed early in FY26 we therefore encourage commencing this work as soon as possible and we would be pleased to assist in scoping and undertaking the study.

This submission does not contain any confidential information. If you have any questions regarding this submission or would like to talk further on the points we have raised, please contact Irene Clarke (Irene.Clarke@powerco.co.nz).

Nāku noa, nā,



Emma Wilson

Head of Policy, Regulation and Markets

POWERCO