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Andrew Knight
Gas Industry Company
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Submitted via GIC website

Dear Andrew

Firstgas response to Gas Industry Co FY2021 work programme

First Gas Limited (Firstgas) welcomes the opportunity to comment on the “Gas Industry Co FY2021 Work Programme and Levy”. We appreciate the constructive working relationship we have developed with the GIC and hope to continue to build on that going forward. We are excited by the forthcoming work programme and are keen to ensure that it positions gas as a future fuel and ensures secure market access for all users.

Support for a renewable gas workstream

Firstgas believes that a renewable gas workstream should be added to the GIC’s work programme, covering the technical issues of injecting biogas and hydrogen into existing gas pipeline networks.

We see biogas as an important option for the decarbonisation of New Zealand’s energy system. While there are small scale operations to produce electricity from landfill gas (such as Happy Valley in Wellington), there is a lack of regulatory direction to address technical barriers in this area. We therefore see the need for a conversation about the specifications for a large-scale biogas operation and the potential for biogas to be injected into existing gas distribution systems.

Firstgas also recommends that the GIC considers the impact of hydrogen on gas specifications in its work programme. Firstgas is partnering with the Provincial Growth Fund to work towards a hydrogen pipeline trial and we believe that hydrogen presents another opportunity to decarbonise New Zealand’s gas networks.

Before either of these options for renewable gas are progressed at any scale, we need to consider whether existing gas standards are fit for purpose and are not unnecessarily constraining options. We see the GIC as being well-placed to undertake this work, so standards help ensure the New Zealand energy systems move toward a carbon neutral future, while protecting consumer interests. We would welcome the opportunity to discuss this topic further with the GIC.

Support for disclosure on upstream outages

Firstgas supports the continuation of the workstream focused on information disclosure for upstream outages. This continues to be a concern to us, due the asymmetric nature of the upstream system. We are encouraged by the work completed by the GIC to date and hope that the gas sector can establish formal arrangements that provide for a stable gas system, accessible to everyone.

We are committed to work productively on this workstream, as an upstream producer through our ownership and operation of the Ahuroa storage facility (Flexgas). We will continue to adhere to the voluntary scheme put in place by PEPANZ. However, it has always been our preference to have formal regulatory arrangements in place.¹

¹ Firstgas submission on *Upstream Gas Outage Information Disclosure Code 2019*, <https://firstgas.co.nz/wp-content/uploads/Firstgas-Upstream-Outage-Submission.pdf>

Continued focus on implementation of GTAC

GTAC continues to be a significant focus for Firstgas, the GIC and the wider gas industry. We are determined to ensure that the GTAC is successful for the industry and we have welcomed the collaborative nature of customers and stakeholders to support this transition. While the process of implementing the GTAC has been challenging, we continue to work towards a single access regime that streamlines the use of the gas transmission system and provides benefits for all participants.

Contact details

If you have any questions regarding this submission, please contact me on 027 290 1861 or via email at William.Hancock@firstgas.co.nz.

Yours sincerely,



William Hancock
Regulatory Analyst

Appendix 1: Response to questions

Question	Response
<p>Q1. Do you have any comments on the process for developing Gas Industry Co's Work Programme and Levy?</p>	<p>We support the GIC's work programme and levy and appreciate the transparent nature that they have set out their plans for the 2021 year.</p>
<p>Q2. Do you consider there to be any other items that should be included in Gas Industry Co's intended Work Programme for FY2021? If so, please describe the work required and how that work achieves the outcomes sought under the Gas Act and GPS.</p>	<p>As noted in the letter above, Firstgas would strongly encourage the GIC to introduce a renewable gas workstream that considers the impact of biogas and hydrogen on gas specifications.</p>
<p>Q3. Do you consider there to be any items that should be excluded from Gas Industry Co's intended Work Programme for FY2021? Please provide reasons for your response.</p>	<p>No.</p>
<p>Q4. 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?</p>	<p>We consider the estimate to be reasonable.</p>
<p>Q5. Do you have any comment on the proposed levy rates for FY2021?</p>	<p>Firstgas considers the levy to be fair and appropriate for the work programme set out.</p>