

First Gas Limited

42 Connett Road West, Bell Block
Private Bag 2020, New Plymouth, 4342
New Zealand

P +64 6 755 0861

F +64 6 759 6509

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Andrew Caseley
Energy Efficiency and Conservation Authority
PO Box 388
WELLINGTON 6140

Sent via email: levyconsultation@eeeca.govt.nz

Dear Andrew

EECA's 2019/20 levy funding and work programme

First Gas welcomes the opportunity to comment on EECA's consultation paper on its *2019/20 levy funding proposal and related work programme*, released on 13 November 2018.

First Gas' interest in EECA's work programme

First Gas operates 2,500km of gas transmission pipelines, and more than 4,700km of gas distribution pipelines across the North Island. These gas infrastructure assets transport natural gas from Taranaki to major industrial gas users, electricity generators, businesses and homes, and transport around 20 percent of New Zealand's primary energy supply. Our distribution network services approximately 63,000 consumers across the regions of Northland, Waikato, Central Plateau, Bay of Plenty, Gisborne and Kapiti.

Given this infrastructure, we have a strong interest in the role that natural gas plays in New Zealand, and how EECA intends to use the \$1.1 million sourced from the Gas, Safety, Monitoring and Energy Efficiency (GSMEE) levy to improve energy efficiency.

Encourage EECA to consider the role that natural gas can play

First Gas is committed to supporting New Zealand's transition to a lower carbon economy and supports EECA's intent to mobilise clean and clever energy use. We strongly believe that natural gas and gas infrastructure can have a role to play as our country transitions to net zero emissions by 2050.

We are comfortable with the three work programmes that EECA has proposed to fund with the GSMEE levy – the E3 programme, large energy user programme, and technology demonstrations. We welcome the recognition of the benefits achievable from improving the performance of gas consuming facilities to reduce associated emissions through:

- Investigating new Minimum Energy Performance Standards (MEPS) for gas boilers;
- Facilitating access to tailored advice and services for large energy users to assist in identifying and planning for long-term solutions to energy and carbon management challenges; and
- Demonstrating commercially available, but under-utilised, technologies which have significant potential to reduce energy use and emissions in New Zealand.

We are particularly interested in the work that EECA seeks to do through the technology demonstration programme. We encourage EECA to grant funding to a wide range of emissions reducing technologies, not just technologies to enable greater electrification.

Work undertaken by the Productivity Commission and the recent Vivid Study we launched with Powerco,¹ highlighted that while New Zealand has committed to a low carbon future, the paths to this destination are uncertain. There are many possible paths that could be followed, and these continue to evolve. With this uncertainty, the Vivid Economics study highlighted that there is value in keeping options on the table, particularly for “hard to treat” areas where electricity may not be the best, or even possible, solution. For these reasons, we encourage EECA to support a trialling a range of technologies to better understand the options available to reduce New Zealand’s emissions.

Areas where gas can help support emission reductions

First Gas believes that there are opportunities for natural gas to help reduce total carbon emissions and support the government’s goals by:

- Displacing coal with natural gas at the Huntly Rankine units;
- Reducing the carbon content of fuels transported via existing pipeline infrastructure, for example through the blending of biogas or hydrogen into the natural gas stream
- Using gas-fired electricity generation to provide the flexibility needed for high levels of renewables (wind and solar);
- Using hydrogen, CNG or LNG for New Zealand’s heavy vehicle fleet (road and rail); and
- Supporting new and existing industrial processes that can economically capture and store carbon.

We encourage EECA to review these opportunities, as outlined in our submission to the Productivity Commission,² and consider how these opportunities can be incorporated into its 2019/2020 work programme.

If you have any questions regarding this submission, please contact me on 06 215 4046 or via email at lynette.taylor@firstgas.co.nz.

Yours sincerely



Lyn Taylor
Regulatory Advisor

¹ *Gas infrastructure futures in a net zero New Zealand*, Vivid Economics, December 2018, http://firstgas.co.nz/wp-content/uploads/16098-First-Gas_Future-of-Gas-Report-Dec18-FINAL-high-res.pdf

² http://firstgas.co.nz/wp-content/uploads/Productivity-Commission_Low-emissions-economy-Oct-2017.pdf