



COVERSHEET

Minister	Hon Simeon Brown	Portfolio	Energy
Title of Cabinet paper	Gas (Levy of Industry Participants) Regulations 2024	Date to be published	14 June 2024

List of documents that have been proactively released

Date	Title	Author
May 2024	<i>Gas (Levy of Industry Participants) Regulations 2024</i>	Office of the Minister for Energy
9 May 2024	<i>LEG-24-MIN-0080 Minute</i>	Cabinet Office
15 April 2024	<i>Stage 2 Cost Recovery Impact Statement: Setting the Gas (Levy of Industry Participants) Regulations 2024</i>	MBIE

Information redacted

YES / NO

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.



Cabinet Legislation Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Gas (Levy of Industry Participants) Regulations 2024

Portfolio **Energy**

On 9 May 2024, the Cabinet Legislation Committee:

- 1 **noted** that since 2005, most of the costs of Gas Industry Company (GIC), the co-regulator for the gas industry, have been funded by an annual levy on gas industry participants (the remainder of costs are recovered from market fees revenue and equity reserves);
- 2 **noted** that:
 - 2.1 the Gas Act 1992 provides for GIC to make a recommendation to the Minister for Energy regarding levy regulations, including on levy rates;
 - 2.2 levy regulations must be made each year as they can only apply to the financial year they are made in;
- 3 **noted** that the Minister for Energy has submitted the paper under LEG-24-SUB-0080 directly to the Cabinet Legislation Committee, consistent with paragraph 7.95(d) of the Cabinet Manual, on the basis that the regulations are routine and do not require new policy decisions;
- 4 **noted** that the Minister for Energy has received the GIC's levy recommendation for the 2024/25 financial year, which would enable it to recover up to \$4.42 million through:
 - 4.1 an annual retail levy on gas retailers of \$6.53 (excluding GST) per customer/Installation Control Points;
 - 4.2 a wholesale levy on participants that purchase gas from producers of 1.5952 cents (excluding GST) per gigajoule purchased;
- 5 **noted** that section 43ZZD(2) of the Gas Act requires the Minister for Energy to accept the GIC's recommendation to make levy regulations if the Minister is satisfied that:
 - 5.1 the levy rate or amount is reasonable, having regard to the industry body statement of intent, the latest industry body annual report, and any Government Policy Statement objectives and outcomes;
 - 5.2 the industry body has consulted with industry participants on the levy rate or amount;
 - 5.3 the requirements of sections 43ZZB to 43ZZE have been met;

- 6 **noted** that the Minister for Energy has accepted the GIC's recommendation as the Minister is satisfied that the requirements in section 43ZZD(2) of the Gas Act have been met;
- 7 **noted** that the Gas (Levy of Industry Participants) Regulations 2024 (the Regulations) will give effect to a retail levy and a wholesale levy for the financial year from 1 July 2024, to recover up to \$4.42 million;
- 8 **noted** that the Regulations will also revoke the Gas (Levy of Industry Participants) Regulations 2022, as they are now spent;
- 9 **authorised** the submission to the Executive Council of the Gas (Levy of Industry Participants) Regulations 2024 [PCO 26330/6.0];
- 10 **noted** that the Regulations will come into force on 1 July 2024.

Vivien Meek
Committee Secretary

Present:

Rt Hon Winston Peters
Hon Dr Shane Reti
Hon Simeon Brown (Chair)
Hon Erica Stanford
Hon Paul Goldsmith
Hon Judith Collins
Hon Tama Potaka
Hon Simon Watts
Hon Casey Costello
Hon Andrew Bayly
Hon Karen Chhour
Hon Scott Simpson
Todd Stevenson, MP
Jamie Arbuckle, MP

Officials present from:

Officials Committee for LEG