

Ministry of Business Innovation and Employment

PO Box 1473

Wellington 6140

New Zealand

Emailed to: gastransition@mbie.govt.nz

2 November 2023

Dear Sirs,

Re: Gas Transitions Plan Issues Paper consultation

Ballance Agri-Nutrients Limited (Ballance) would like to thank the Ministry of Business Innovation and Employment for the opportunity to make this submission on the “Gas Transitions Plan Issues Paper” consultation document.

Recognising the importance of climate change policy and the decarbonisation pathway to our business, our stakeholders and New Zealand more generally, our submission is attached.

We welcome any clarification questions the Ministry may have on this submission and would also welcome the opportunity to meet and discuss the complexity of the issues raised in this consultation process.

Submission on the *Gas Transitions Plan Issues Paper*

| | |
|-------------------------------------|--|
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Release of information

Please let us know if you would like any part of your submission to be kept confidential.

I would like to be contacted before the release or use of my submission in the summary of submissions that will be published by MBIE after the consultation.

I would like my submission (or identified parts of my submission) to be kept confidential, and **have stated below** my reasons and grounds under the Official Information Act that I believe apply, for consideration by MBIE.

No part of this submission is confidential

[To check the boxes above: Double click on box, then select 'checked']

Responses to questions

Chapter 2: Transitioning our gas sector

How can New Zealand transition to a smaller gas market over time?

1

To maintain a gas market throughout transition, clarity on the transition path is needed to support ongoing investment.

A clear coherent legislative path across the various govt departments is important to support this.

2

What is needed to ensure fossil gas availability over the transition period?

Appropriately designed and predictable policy is needed to give participants confidence to invest to maintain production/security of supply.

Technology will continue to develop and what appears optimal now may not be in the future hence legislation should focus on enabling/achieving the desired outcomes. For example, as the target is to become net zero, legislation should allow technologies that capture/sequester emissions. This could allow emission targets to be met as the country transitions to green.

3

What factors do you see driving decisions to invest or wind down fossil gas production?

As above

4

Does the Government have a role in enabling continued investment in the gas sector to meet energy security needs? If yes, what do you see this role being?

As above

5

Does the Government have a role in supporting vulnerable residential consumers as network fossil gas use declines? If yes, what do you see this role being?

This hints at the wider question of energy affordability where there is currently a significant cost difference between electricity & gas. This not only needs to narrow but also be internationally competitive for both consumers & industry to be able to survive.

Fossil gas and electricity

6

What role do you see for gas in the electricity generation market going forward?

In the transition a secure supply of electricity is critical. Renewable generation is subject to the variability of nature and can therefore be intermittent, whereas gas provides consistent, on demand generation. Hence at this point in time gas appears to be the best available option for providing ongoing security of supply of electricity (ie firming & peak demand).

7

What would need to be in place to allow gas to play this role in the electricity market?

As per our answer to question 2.

8

Do you think gas can play a role in providing security of supply and/or price stability in the electricity market? Why / Why not?

As per our answer for question 6.

9

Do you see alternative technology options offering credible options to replace gas in electricity generation over time? Why / Why not?

New Zealand's transition to low emissions will require consideration of a range of energy generation options particularly to address firming/peaking requirements. In order to provide our transition with the best chance of success, all suitable technologies, new and old, need to be equally encouraged under supporting legislation so the optimal suite of technologies can evolve.

10

If you believe additional investment in fossil gas infrastructure is needed, how do you think this should be funded?

No comment

Chapter 3: Key issues and opportunities

Renewable gases and emissions reduction technologies

11

On a scale of one to five, how important do you think biogas is for reducing emissions from fossil gas? Why did you give it this rating?

We are open to the evaluation of any form of renewable gas, however, the economic viability, practicality and capacity of such options need to be fully assessed.

12

Do you see biogas being used as a substitute for fossil gas? If so, how?

No comment

13

On a scale of one to five, how important do you think hydrogen is for reducing emissions from fossil gas use? Why do you think this?

No comment

14

Do you see hydrogen being used as a substitute for fossil gas? If so, how and when?

No comment

15

What else can be done to accelerate the replacement of fossil gas with low-emissions alternative gases?

No comment

16

On a scale of one to five how important is a renewable gas trading to supporting the uptake of renewable gases? Why have you given it this rating?

No comment

17

What role do you see for the government in supporting such a scheme?

No comment

Carbon Capture, Utilisation and Storage

18

On a scale of one to five how important do you think CCUS is for reducing emissions from fossil gas use? Why did you give it this rating?

We see CCUS as a potential transition aid while our energy system is greening. Policy and legislation should allow it to be fully assessed and include recognition under the NZ ETS.

19

What are the most significant barriers to the use of CCUS in New Zealand?

No comment

20

Do you see any risks in the use of CCUS?

No comment

21

In what ways do you think CCUS can be used to reduce emissions from the use of fossil gas?

No comment

Options to increase capacity and flexibility of gas supply

22

What role do you see for gas storage as we transition to a low-emissions economy?

This needs to be assessed along with other options for providing a secure supply.

23

On a scale of one to five, how important do you think increasing gas storage capacity is for supporting the transition? Why did you give it this rating?

No comment

24

What should the role for government be in the gas storage market?

Government policy should be open to gas storage to support confidence in gas supply throughout the transition.

25

Our position is that LNG importation is not a viable option for New Zealand. Do you agree or disagree with this position? If so, why?

No comment

26

What risks do you anticipate if New Zealand gas markets were tethered to the international price of gas?

No comment

General comments

Our transition to a low emissions future will be dynamic and incredibly challenging. Ballance sees partnerships between industry and government as vital to understand the challenges, develop solutions & form close alignment, so the transition can be navigated successfully.