

Carolyn Tremain
Ministry of Business, Innovation & Employment
PO Box 1473
WELLINGTON 6140

Sent via email: Resource.Markets.Policy@mbie.govt.nz

Dear Carolyn

Options for amending the Gas Act 1992

The Gas Association of New Zealand (GANZ) represent member participants of organisations in the Gas sector involved in the transportation of natural gas.

The main objective of GANZ is to facilitate a safe, effective and sustainable industry. It is a proactive forum that identifies, discusses and resolves issues impacting on the health and sustainable development of the industry. GANZ's prime focus is on the safety and technical aspects of the natural gas industry.

As such, we wish to make a submission to the Ministry of Business, Innovation and Employment (MBIE) on its discussion document "Options for amending the Gas Act 1992", on behalf of, and in-line with submissions from our member organisations.

GANZ supports the Government's aim toward a low carbon economy and believe gas will help this to occur. The review of the Gas Act 1992 should aid with this goal by ensuring regulation remains aligned with any emerging technologies and/or fuels.

Our submission is by response to the questions only as provided in the table below.

We would welcome the opportunity to participate further as MBIE establish their programmes for emerging technologies and alternative fuels. Should you have any queries in regards this submission, please contact me on rene.dath@firstgas.co.nz or via email at rene.dath@firstgas.co.nz.

Privacy of
natural
persons

Yours faithfully



René D'Ath
GANZ Technical Advisory Group (Chair)

Attachment 1:

Response to specific consultation questions

Questions relating to Emerging challenges for the Gas Act 1992

Question	GANZ Response
<p>1 What emerging technologies or alternative fuel sources are likely to be covered by the Act's definition of "Gas"?</p>	<p>The Gas industry welcomes the opportunity to consider if the Act covers emerging fuel sources and technologies.</p> <p>It is difficult to predict the technologies and fuel sources that may be covered by the Act in the future. It is more important that the industry continue to work together, and consultation occurs as new options are considered.</p> <p>Note the Gas Act already includes biogas in the definition of gas. Hydrogen should be considered likewise.</p>
<p>2 What aspect(s) of the Act could be a barrier to the uptake of emerging technologies or alternative fuels?</p>	<p>The extent of future technologies and alternative fuels are unknown. The Act should be sufficiently flexible to accommodate changes to the industry.</p> <p>The industry working with MBIE as new technologies and fuels develop should ensure that regulation is amended as required.</p>
<p>3 What aspects should be amended or changed to facilitate the emergence of new technologies and alternative fuels?</p>	<p>Care will be required to ensure the Act does not neglect the technical implications of emerging technologies and/or alternative fuels in being detrimental to the integrity of existing assets throughout the delivery stream (production through to operation of downstream equipment and appliances). Product quality and specifications will need to be incorporated in any developments as they are trialled and commissioned.</p>
<p>4 How will your business be impacted if changes to the Act are not made in the short term (e.g. two to three years)?</p>	
<p>5 Does the Act cause any issues with complying with any requirements under other legislation?</p>	
<p>6 Are you or your organisation involved in the development or deployment of emerging technologies or alternative fuels?</p>	<p>The Gas industry is committed to supporting the development and/or deployment of emerging technologies and alternative fuels.</p> <p>GANZ member organisations are planning to undertake hydrogen feasibility studies and pursuing sustainability through promotion of renewable energy options including electric vehicle charging, grid-scale and residential batteries, solar, PV, home energy solutions, and advanced smart metering.</p>
<p>7 Are you interested in being contacted as MBIE develops a longer-term programme of regulatory work around the development</p>	<p>GANZ as the technical, training and regulatory oversight organisation for the Gas industry is interested in being involved</p>

Question	GANZ Response
of emerging technologies and alternative fuels relating to the Act?	<p>with any programme of work around the development of emerging technologies and alternative fuels.</p> <p>The industry expects such developments include preparation or modification of appropriate standards for these technologies and fuels.</p>

Questions relating to Information Disclosure

Question	Response
8 What concerns do you have about the flow and availability of information available to you or your organisation regarding situations that may affect the price and/or availability of gas supply?	GANZ considers that the main information gaps in the gas market relate to planned and unplanned outages at major gas production and user facilities.
9 Do you support the inclusion of an additional regulation/rule making power in the Act to require broader disclosure of information from the gas industry?	<p>The Gas industry supports the introduction of a prescriptive regulatory solution for information disclosure for upstream gas industry parties.</p> <p>Including additional regulation or rule making power in the Act enables the Gas Industry Company (GIC) to work with industry to develop information disclosure to meet industry requirements in a cost effective and timely fashion.</p> <p>The industry also proposes that gas quality is included in disclosures, particularly a timely manner for excursions (NZS5442) to be notified.</p>

Questions relating to Penalties under the Gas Act

Question	Response
10 What concerns do you have about the current penalty regime for gas governance arrangements provided for by the Act?	<p>Whilst we don't have concerns about the current penalty regime, we agree in principle with having a penalty regime that reflects the extent of harm when a breach occurs.</p> <p>The current regime could be reviewed on an inflation basis and provide the ability for such review to be provided for in the future.</p>
11 Are there other factors, such as contractual arrangements between parties, that mitigate any concerns about the penalties regime?	
12 Aside from the penalties for breaching gas governance arrangements, are there any other penalties under the Act that you consider are not fit-for-purpose?	
13 Do you consider it still appropriate for the Gas Rulings Panel to only have one member if the penalties are increased to higher levels?	GANZ have no issue with retaining the one-member Rulings panel subject to the option for this to be reassessed in the next three to five years.

Question	Response
14 Do you support the addition of daily or volumetric penalties to the Act to enhance the flexibility of penalties available? What would be an appropriate minimum or maximum rate, if any?	GANZ supports the addition of daily or volumetric penalties to the Gas Act to enhance the flexibility and proportionality of available penalties.
15 Are there circumstances where the Act should impose a criminal offence on either industry participants or on non-industry participants? What are these?	GANZ strongly recommend the Act be extended to recognise the risk of harm due to unauthorised access to, or damage caused to critical infrastructure. Note this includes gas transmission and distribution assets.
16 Do you support the addition of a civil pecuniary fine as an additional penalty to improve the effectiveness of the penalties regime? If not, why not?	GANZ support the addition of an appropriate civil pecuniary fine as an additional penalty to improve the penalties regime.
17 What are your views on expanding the definition of industry-participant to include all large gas users (e.g. any user averaging over a certain level of consumption per day)? If so, what would be an appropriate threshold?	