

15 December 2017

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Sent via email: levyconsultation@eeca.govt.nz

Dear Andrew

EECA's 2018/19 levy funding and work programme

First Gas welcomes the opportunity to comment on EECA's consultation paper on its "2018/19 levy funding proposal and related work programme" dated 16 November 2017.

First Gas' interest in EECA's 2018/19 work programme

First Gas operates 2,500km of gas transmission pipelines (including the Maui pipeline), and more than 4,800km 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.¹

Given this infrastructure, we have a strong interest in the role that natural gas plays in New Zealand's energy sector, and how EECA intends to use the \$1.3 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 comfortable with the three work programmes that EECA has proposed to fund with the GSMEE levy – the E3 programme, large energy users engagement programme, and technology demonstrations. We welcome the recognition of the benefits achievable from improving the performance of gas consuming facilities through:

- The introduction of Minimum Energy Performance Standards (MEPS) for gas boilers; and
- Providing direct support for large gas users through measures such as gas boiler tuning and equipment upgrades.

Substantial emission reductions can be achieved by converting process heat from coal to natural gas. We outlined this potential opportunity in our recent submission to the Productivity Commission,² where we estimated savings of up to 120,000 tonnes of CO₂.

In addition, 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;
- Using gas-fired generation to support renewable electricity generation;
- Using CNG or LNG for New Zealand's heavy vehicle fleet;
- Using natural gas for space heating in place of electricity; and

¹ For further information on First Gas, please visit our website www.firstgas.co.nz.

² *Low-emissions economy*, First Gas submission to the Productivity Commission, 2 October 2017, <https://www.productivity.govt.nz/sites/default/files/sub-low-emissions-47-first-gas-limited-953Kb.pdf>

- Future options to reduce the carbon content of fuels transported via existing pipeline infrastructure, for example through the blending of biogas into the natural gas stream or conversion to hydrogen.

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

If you have any questions regarding this submission or would like to meet with First Gas to discuss opportunities for optimising the use of natural gas on our networks, please contact me on 04 979 5368 or via email at karen.collins@firstgas.co.nz.

Yours sincerely

A handwritten signature in black ink, appearing to read 'K. Collins', with a long horizontal flourish extending to the right.

Karen Collins
Regulatory Manager