9 February 2024

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Submission on Gas Industry Co's Proposed FY2025 Work Programme and Levy

1. This is Vector Limited's (Vector) submission on the Gas Industry Company's (Gas Industry Co) consultation paper on its proposed *FY2025 Work Programme and Levy*. We appreciate Gas Industry Co's engagement with stakeholders on its proposed initiatives at the Co-Regulatory Forum held on 30 November 2023.

2. It is pleasing to see pathways for different parts of the gas sector starting to become clearer and we acknowledge the important advisory work the GIC is doing in keeping stakeholders informed about the gas industry and the role of gas in New Zealand. The increasing policy focus on security of supply, investment confidence and competitive prices, alongside the policy response to climate change is also pleasing to see.

3. We couldn't agree more that the key to investment in the transition, resilient supply and competitive prices is investment confidence. Relatedly, we recently submitted on the criticality of preserving financial capital maintenance in our submissions to the Gas Transition Paper Issues paper. We also suggested a list of possible policy and regulatory pathways to protect consumers from exponential price increases, protect gas networks from asset-stranding risk and give consumers time to transition away from gas appliances as they reach end-of-life. Assuming work continues under the new Government, we look forward to the continued progression of this important stream of work.

4. We are happy and supportive of the Gas Industry Co's proposed work programme for FY025. We also understand the rationale for reviewing the Gas Industry Co's current levy arrangements and look forward to engaging on alternative proposals shortly.

5. We set out our responses to the consultation questions below using the submission template provided. No part of this submission is confidential, and we are happy for Gas Industry Co to publish it in its entirety.

6. We are happy to discuss any aspects of this submission with Gas Industry Co. Please contact Monica Choy (Senior Regulatory and Pricing Partner) at monica.choy@vector.co.nz in the first instance.

Yours sincerely
For and on behalf of Vector Limited

MChoy

Monica Choy
Senior Regulatory & Pricing Partner

Responses to Consultation Questions

Gas Industry Co FY2024 Work Programme and Levy

Submission prepared by: Vector

Contact (in the first instance): Monica.Choy@vector.co.nz

Question		Vector's comment
Q1:	Do submitters agree with Gas Industry Co's assessment of the strategic context?	We agree with Gas Industry Co's assessment of the strategic context. Gas Industry Co's role as trusted advisor to Government and the industry will be particularly important as we await the release of the Gas Transition Plan. We acknowledge the good work Gas Industry Co has already done in this area and the ongoing engagement Gas Industry Co will have in relation to the Gas Transition Plan.
Q2:	Do submitters have any comments on the process for developing Gas Industry Co's FY2025 Work Programme and Levy?	Vector generally agrees with the process for developing Gas Industry Co's Work Programme and Levy. It is a well-established process based on the principles of economic efficiency, beneficiary pays, rationality, simplicity, equity, and revenue sufficiency.
Q3:	Do you consider there to be any other items that should be included in Gas Industry Co's intended Work Programme for FY2025? If so, please describe the work required and how that work achieves the outcomes sought under the Gas Act and GPS?	Vector does not believe there is a need to include any other work items in the already full Work Programme proposed for FY2025. The comprehensiveness of the *Gas Transition Plan*'s coverage would also help ensure that any unforeseen issues could be captured under the Plan in the immediate or longer term. We make the following comments or suggestions in relation to some of Gas Industry Co's ongoing and proposed work streams set out in the consultation paper: **Energy Transition** Assuming work on it continues under the new Government, we expect the *Gas Transition Plan* to provide clear signals, and hence greater certainty, on the transition pathway(s) for gas pipeline networks. Long-lived regulated assets with a declining demand profile require long-term planning that, under existing arrangements, is driven by regulatory reset periods and we encourage Gas Industry Co to continue to coordinate closely with the Commerce Commission as they reset default price-quality paths for gas pipeline businesses. This would help ensure

Question		Vector's comment
		that the risks for gas pipeline networks are addressed in an efficient manner, and in the long-term interest of consumers. **<u>Advanced gas metering</u>** We suggest that the AGMI Group's work/agenda continue to progress so that the benefits of advanced gas meters are delivered to the market and consumers in a timely manner. These benefits include, for example, more efficient market reconciliation processes from fewer estimated consumption data and more timely/frequent reading for consumers, e.g. monthly reading/bill instead of every three months.
Q4:	Do you consider there to be any items that should be excluded from Gas Industry Co's intended Work Programme for FY2025? Please provide reasons for your response	Vector does not believe there is a need to exclude any items from the intended Work Programme for FY2025.
Q5:	Gas Industry Co is particularly interested in industry comment on the forecast gas volumes - do stakeholders consider the 150 PJ projection reasonable? If not, what would they consider an appropriate gas volume estimate to be? NOTE – any submissions provided in response to this question will be treated as confidential and will not be published.	No comment.
Q6:	Do you have any comment on the proposed levy rates for FY2025?	No comment – the levy looks to be reasonable overall. Various industry participants have initiated work on their own and/or in collaboration with other participants and regulators – using their own resources – to generate important information and insights that feed into ongoing industry discussions and the development of the *Gas Transition Plan*. We intend to continue to be actively involved in these discussions and collaborative work

Question		Vector's comment
		that would help ensure the gas industry and consumers can navigate the energy transition in an orderly manner.