



Submissions for Consultation Draft Equipment Energy Efficiency

Regulatory Impact Statement

**Proposal to Introduce a Minimum Energy Performance Standard
for Gas Water Heaters**

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1. Introduction

The Gas Association of New Zealand (Inc) - GANZ - would like to thank Energy Efficiency & Conservation Authority (EECA) for the invitation to submit on the Consultation Draft E3, for the Regulatory Impact Statement - Proposal to Introduce a Minimum Energy Performance Standard for Gas Water Heaters.

- 1.1 Across the GANZ membership it operates about 11,000 km of pipelines, supplies more than 260,000 consumers and directly employs more than 800 people. Some of the members have gas LPG reticulation interests in both Islands and those consumer numbers are not included.
- 1.2 Within that membership, the Association's Gas Equipment Suppliers (GES) Group is significant. It caters for companies both manufacturing and supplying natural gas and LPG appliances for both fixed installations within property boundaries - "buildings and houses" - and mobile installations, such as caravans, motor homes and boats.
- 1.3 GANZ would like to take this opportunity to thank EECA for engaging with industry recently to address the compliance assurance matters that concern the GANZ - the Gas Equipment Suppliers (GES). Further to that, the GES members wish to continue to address the specific performance requirements, the design and related technical matters for themselves; with GANZ focusing on higher level compliance process related matters.
- 1.4 In doing looking at those matters, GANZ addresses those more fundamental high level processes. These are critical to the success of MEPS and similar mandatory compliance matters. There is a simple objective here, and opportunity to remove and/or minimise the bureaucratic - cross jurisdictional processes to ensure that an integrated testing, compliance and pre market process is created; and that post market matters around compliance matters, must not be lost and we must ensure are similarly addressed.
- 1.5 GANZ sees that the underpinning process as significant in reducing regulatory costs for appliance suppliers, installation practitioners and most importantly provide the public with greater confidence with reduced costs. It should also reduce compliance costs and resource needs for the respective Government Agencies.
- 1.6 Because New Zealand is predominantly an importer of these GHW appliances there are some significant aspects to be considered within the consultation process and wider related items as they might affect other complementary legislation and/or TTMRA objectives.
- 1.7 GANZ recognises the value MEPS brings for NZ CO2 abatement objectives. Furthermore, as part of NZES and NEECS, the value of the direct use of gas is noted. Therefore the added benefits achieved by enhancing instantaneous GWH use verses other options, and those further gains made by adopting MEPS for GWH, is important in delivering even greater reductions in NZ greenhouse gas emissions.

2. Background

- 2.1 The GANZ continues to support the principles of Minimum Energy Performance Standards. It therefore supports the MEPS as being suggested, but its members will address the detail individually. This support is conditional upon the cost-benefit analysis continuing to support its adoption, and that standard is mandated.
- 2.2 Together with this, is the logistics - operationalisation of the compliance assurance regimes that underpin the credibility of MEPS delivery, as they should for the other regulated appliance standards, be they safety or other essential requirements. NZ currently experiences some difficulties in this area and now is the ideal trigger point to remedy them.
- 2.3 The GANZ has been involved with TTMRA initiatives extensively over the previous decade. This involvement has predominantly been related to gas safety matters; but with awareness that other standards were being produced. It has, however, in more recent years participated in the efficiency discussions which bring about this standard and the potential for extended harmonisation with Australia. Matters of shared and integrated process have continued to be voiced, but we see little acceptance of that aspect in the consultation paper. These all add to the RIS and CBA work.
- 2.4 In being harmonised and/or mutually recognising Australian standards, the GANZ would express some caution as to whether the benefits are always realised and whether at times such Standards merely become non-tariff barriers to other options from other trading partners. Should any State decide not to adopt the MEPS, with any corresponding negative impact on the New Zealand market, GANZ would then question the real value of MEPS and/or TTMRA.

3. Points of Consideration

- 3.1 GANZ - GES maintains that the MEPS Standard become a NZ - Joint Standard and the matter involve SNZ and the Gas Industry Standards Advisory Board. It would be counter-productive, and an increased cost, to have multiple standards addressing an appliance design without addressing the integration of those regulatory processes spreading across differing jurisdictional boundaries. The point being that a CAB for MEPS has to be aligned to the same CAB for other appliance statutory compliances and that EECA and MED - Energy Safe and/or MCA, must work together in a formal sense to achieve this.
- 3.2 What relationship will MEPS have with NZS 5262? Referring to 3.1 above NZS 5262 is currently the essential safety requirements for NZ; thus it should be amended to become the “essential requirements” now including statements around efficiency objectives. AS 4552 would therefore be referenced in this standard; and NZS 5262 should be convened to address that.
- 3.3 Funding for MEPS Standards work to be addressed. Currently the only means of central funding to create standards is via the gas technical levy, which can only be applied for safety standards. Funds should be set aside via EECA to allow industry to participate as required in creating a standard suitable for New Zealand and/or any harmonisation with Australia.

- 3.4 Appliance manufacturers and related supply chain stakeholders prefer a single “compliance process” hub, point of data processing and management - and encourage the respective regulatory jurisdictions (ES & EECA) to address and resolve this in consultation with GANZ. It is suggested that the appliance self-declaration process which will be mutually recognised under TTMRA be used by EECA, either directly or seamlessly, such that duplicate processes are avoided which only add to the cost of compliance and regulatory duplication.
- 3.5 Where possible a single NZS needs to address the entirety of minimum regulatory compliance requirements for appliances - a type of appliance. This also relates to NZ industry - legislative standards policy and NZ E-business strategy. This is urgent and need not wait on the other aspects of the MEPS project. Recent discussions across EECA, MED, Energy Safety and industry representatives have highlighted the potential to achieve this. As this will both attract a cost and need to be scoped, this should be addressed with urgency so that can begin ahead of introducing the - mandating MEPS.
- 3.6 Who and where can compliance tests be undertaken? Will it be important for New Zealand to have a New Zealand based accredited test facility? Market pressures would presumably apply. Is this being addressed by MED / Energy Safety and EECA? This links into other related matters herein.
- 3.7 Integrating the MEPS into the GWH design, model testing, production and compliance may require a longer window than 2009. A sensible transition period and the ability to consume existing stock prior to imposing this requirement needs considering. With the thought of delaying other applications until 2010, why not consider using 2010 as the MEPS start rather than 2009?
- 3.8 The lack of credible NZ appliance data is critical - EECA and GANZ need to the work on MEPS in that regard. It is similar to other areas needing such data for better decision making. It is suggested therefore that the gas certification certificate be used for this purpose and GANZ work with stakeholders to achieve this.
- 3.9 Suggesting no labelling may be counter-productive. For safety compliance, the industry is almost certainly introducing labelling. It seems logical to integrate total “compliance” into a single label?
- 3.10 Gas Act and EEC Act should cross-refer on NZ compliance needs and TTMRA implications.
- 3.11 Potential to see some companies unable to meet their Warranty - commitments as their replacement products pre MEPS would be prohibited from sale.
- 3.12 Change out requirements for NZ may not be cost effective, and how would that installation be refitted for the “New” product. This may become counter-productive.
- 3.13 Greenhouse gas emissions abatement is a key outcome with MEPS. The growth of instantaneous GWH offers advantages brought about by the direct use gas and the efficiency gains that delivers compared to other options.

4. Summary

- 4.1 The GANZ - GES Group support the introduction of MEPS. Its members will respond separately, with GANZ addressing other related compliance management processes.
- 4.2 Overall the industry wishes to ensure that wherever possible the inter-relationships across energy efficiency and other regulated outcomes, such as safety, are able to be accessed simply by those parties affected by these requirements. In some form that may require the integration via E-Business solutions to ensure the respective information data-bases and/or the compliance assurance processes are consistent and deliver cost-effective regulation. These are not matters to be taken lightly as they have a significant impact on whole of industry performance and costs.
- 4.3 NZS 5262 committee should be convened to consider the integration - referencing of MEPS, and the future management of the processes. This is important as it's the peaks body for addressing NZ appliances.
- 4.4 The advantages MEPS - GWH achieves on CO2 abatement is important and further enhance the value of the direct use of gas. Greater emphasis should be placed on this value.
- 4.5 To assist in achieving the 'integrated' compliance assurance model being suggested, GANZ would welcome the opportunity for a management group to be established. This may typically only suit NZ and a preference for a NZ centric model in that regard has advantages.



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