



The Beauty of Gas

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Welcome to Gasline, which is produced by Gas New Zealand.

Gasline is published regularly as part of the industry's efforts to encourage the direct use of natural gas and LPG into households and small businesses.

Using natural gas and LPG as a direct energy source offers numerous cost, environmental and energy efficiency benefits. Gas New Zealand hopes to educate consumers and policy makers about the many advantages of making wider use of this strategic energy asset.

WLPGA Oceania Regional Summit - Registration Open

The forthcoming WLPGA Regional Summit - Exceptional Energy for Australia, New Zealand & the Pacific Islands - will take place on Wednesday 18th May on the Gold Coast of Australia.

Registration is now open for this one-day event which will highlight the challenges and opportunities that exist in the Oceania region and will showcase how new ideas, innovations and developments make LPG exceptionally suitable to address the energy concerns of this vast and diverse region.

For full details visit the event web-page. If you have already registered you can book your accommodation here.

Future looks positive as Albert de Geest takes LPG helm

Taking advantage of a growing market and looking towards the future are clear priorities for second-term LPGA president, Albert de Geest.

Currently the chief executive officer at Liqueigas, Albert has more than 30 years' experience in the energy industry, including 20 years in senior executive roles.

He brings prior experience to this particular role, having been president back in 2008.

Stepping into the role again, Albert is excited to see the gas industry getting some forward momentum as people begin to realise it is a viable alternative to fossil fuels.

"It's not hard to see why because LPG is a high-quality, low carbon, flexible and transportable fuel that fits well with people's lifestyles, alongside renewable fuels," said Albert.

"We are growing again, particularly in the South Island where there is no natural gas - around about five per cent per annum which is really positive."

He believes that lower LPG prices relative to other fuels helped drive the growth, a situation the LPG industry wants to take advantage of.

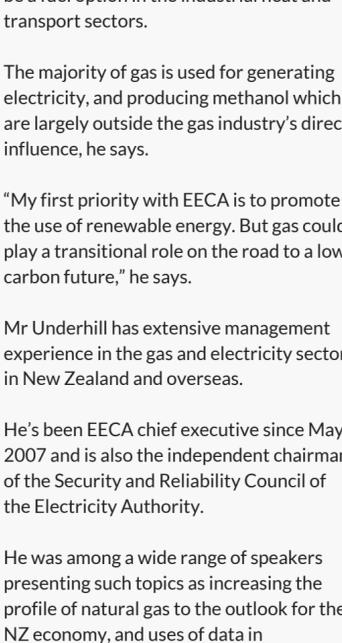
Albert has wide experience in the electricity and gas sectors in senior executive roles in New Zealand and Australia.

He has also chaired the Rules Committee of the NZ Electricity Market, and spent 15 months at the Ministry of Economic Development managing electricity policy. This has given him a good working knowledge of how Government operates.

Now, Albert is focused on instigating a three to five-year plan that will promote the advantages of LPG and gas, while interacting more in digital media.

"When making a choice about which energy to put in their new house, in my opinion, Kiwis seem to want more than one fuel so they don't have to be reliant on a single option in case it fails.

"We want to make sure people are aware of the advantages of gas so that they can make a thoughtful choice - we think if they do, they will choose gas."



LPGA President, Albert de Geest.

Gas industry is issued a challenge for the future

Gas is cleaner than other fossil fuels and is a natural transitional choice in New Zealand's steps towards a low carbon future.

That was Energy Efficiency and Conservation Authority (EECA) chief executive Mike Underhill's view during his presentation at the 2015 Gas Industry Forum.

Heard by more than 130 attendees at the Novotel Lakeside Rotorua in November, Mr Underhill's point was clear - gas has a potentially important role to play.

But his message also called for a change among gas industry leaders to ramp up their efforts to increase consumer usage.

He also suggested considering how gas can be a fuel option in the industrial heat and transport sectors.

The majority of gas is used for generating electricity, and producing methanol which are largely outside the gas industry's direct influence, he says.

"My first priority with EECA is to promote the use of renewable energy. But gas could play a transitional role on the road to a low carbon future," he says.

Mr Underhill has extensive management experience in the gas and electricity sector in New Zealand and overseas.

He's been EECA chief executive since May 2007 and is also the independent chairman of the Security and Reliability Council of the Electricity Authority.

He was among a wide range of speakers presenting such topics as increasing the profile of natural gas and the outlook for the NZ economy, and uses of data in marketing.

Titled "Does gas fit in a low carbon future?", Mr Underhill says there was an opportunity for gas to provide an alternative to much higher carbon fuels such as coal.

"Gas is the lower carbon option and would play the perfect transitional role, while being an energy choice that is used alongside renewable resources.

"It is produced domestically, and is therefore less environmentally volatile. And at the moment, geothermal and hydro are slightly limited, while wind solar and wood sources will take time to be fully operational energy sources.

"But the industry needs to do more to make itself known, to promote its benefits, and invest in developments and technologies which see it become more viable."

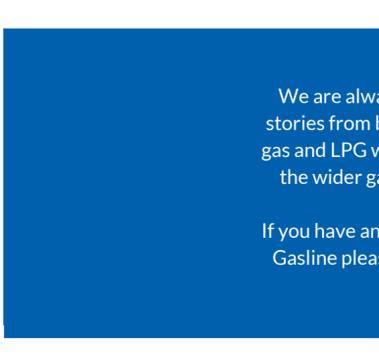
Mr Underhill points to last year's 2015 United Nations Climate Change Conference in Paris, a global agreement to reduce carbon emissions and limit the effects of climate change, as good timing for the gas industry.

"We've got plentiful gas, and this is an asset New Zealand could be using more of.

"We need to build the voice of the gas industry and ask where the ideas, opportunities and advocacy is being generated."



EECA chief executive, Mike Underhill



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Progress with gas appliance standards

Two revised Standards have just been published. They are AS/NZS 5263.1.1:2016: Domestic gas cooking appliances and AS/NZS 5263.1.2:2016: Gas fired water heaters for hot water supply and/or central heating.

The two Standards identify the particular requirements for cooking appliances and gas fired water heaters that apply in addition to, or in place of, the general requirements for gas appliances set out in AS 5263.0. Appendices provide the specific requirements and practices for NZ.

Growth of positive sales figures continues

When LPGA president Albert de Geest looks at the association's annual sales figures for 2014-2015, it's easy to see why he's so positive about the future.

There was a 5% increase of sales across the market for the 2015 year, up from 159,454 tonnes.

"We are growing strongly and it is hugely positive to see it continue," says Albert.

"There's a few things going on here but what is positive to see we are starting to push towards 170,000t a year, whereas three years ago we were less than 140,000.

"What it suggests to me is that we have been growing for some time and we are still growing quite fast, because year on year the annual sale figure is increasing by five per cent."

The increased sales are largely driven by demand for 45kg and bulk which increased 6.4% and 6.3% respectively from 2014-2015.

While growth has been "fairly consistent" in both the North and South islands, says Albert, southerners' demands have increased.

"An interesting point is over the last few years South Island demand has been growing faster to the point where it has caught up to the North Island, and is now bigger.

"That's quite a change, because the North Island has always been a bigger consumer.

"I think that's largely down to some new substantial bulk loads which have made a big difference in the South Island sales figures over the past years."

Other key figures to note are the months June-September, across the market, which posted increased sales from the previous year.

In particular, June was the most successful month with an annual increase of 18.2%, while September was next with 9.1%, followed by August on 8.3%

"The main point is look at how far we've come in the last few years.

"If we keep growing at this rate for another few years, who knows, we might get above 180,000 tonnes."



Standards NZ becomes part of MBIE

Standards NZ has now left its post as an independent agency, and is part of the Ministry of Business, Innovation and Employment (MBIE).

Following the enforcement of the Standards and Accreditation Act 2015, the roles and functions of the Standards Council will now be performed by the New Zealand Standards executive within MBIE.

The Standards New Zealand team are part of the Consumer Protection and Standards branch within MBIE, and a new Standards Approval Board is now in place - Gasline will cover this in next month's issue.

Systems, data and records have been moved over to MBIE and the team will continue to help develop, maintain, and provide access to standards.

While operational and business support structures, largely administrative, will change, Standards New Zealand will continue to engage with customers in much the same way as they do now.

Becoming part of a government agency means a change of website address too, from [www.standards.co.nz](http://www.standards.co.nz) to [www.standards.govt.nz](http://www.standards.govt.nz).

Standards committees will continue to work on their respective standards projects following the move to MBIE and will continue their critical role of developing standards as part of balanced expert technical committees.

Industry bodies will remain key collaborative partners to ensure the quality and competency of contributors to standards development remains highly valued.

Most services, resources, and products will continue to be available after the move.

The process for viewing and purchasing standards will stay as it is now, and the Online Library and Asset Plus services will continue to be available.

For more information, visit the [website](http://www.standards.govt.nz) or email [enquiries@standards.co.nz](mailto:enquiries@standards.co.nz).



Vector strikes a multi-million-dollar deal

Utility operator Vector is handing over the reins to Australian investor First State Funds to the tune of NZ\$952.2 million.

Selling its gas transmission pipelines and gas distribution networks outside of Auckland will result in a net gain of about \$167m.

The decision to sell follows a strategic company review, which is increasingly focusing on growing its interests in areas that are not subject to price regulation.

"Vector believes this is a great outcome, further strengthening our balance sheet to fund organic growth in Auckland and pursue attractive unregulated growth," says Vector chief executive Simon Mackenzie.

"The proceeds will initially be used to repay debt."

The deal between Vector and First State Funds could be the first of many.

The two parties also entered into a memorandum of understanding to consider opportunities to co-invest in regulated and unregulated energy infrastructure, both in New Zealand and offshore.

They will also look to co-operate operationally on gas distribution activities.

First State Funds comprises two infrastructure funds managed by First State Investments, known in Australia as Colonial First State Global Asset Management.

Vector will be working with First State Investments over the coming months to ensure a smooth transition for the transaction by March 31.

Vector's regional gas transmission business covers more than 2,200 kilometres of high pressure gas transmission pipelines, while the utility has 233 stations throughout the North Island.

The non-Auckland gas distribution business consists of more than 3,400 kilometres of main pipes and 1,400km of service pipes throughout networks in six North Island regions.

We are always looking for stories from both the natural gas and LPG worlds, as well as the wider gas community.

If you have any story ideas for Gasline please email Daniel