

LPGA'S LOBBYING SUCCESSFUL

NZES

October saw the official launch of the New Zealand Energy Strategy, which the Government says will set the country firmly on a path towards clean, renewable energy.

While draft iterations of the strategy failed to promote the direct use of gas (DUOG), successful lobbying by the LPG Association and the Gas Association has meant the final version of the strategy now has a greater emphasis on the direct use of both LPG and natural gas.

The strategy addresses the important role of gas in meeting energy supply requirements in the transition towards a sustainable energy future, as the following excerpt demonstrates:

Switching to direct use of gas for space heating can reduce electricity demand, particularly at peak times. There may be fewer greenhouse gas emissions if gas is used directly to provide heat rather than generating electricity from gas- or coal-fired power stations.

It also mentioned DUOG's role in providing increased diversity of supply and flexibility in industrial, commercial and residential applications.

In the future, using gas rather than coal in direct-use industrial and commercial applications may reduce greenhouse gas emissions while maintaining levels of flexibility and fuel diversity.



LPGA executive director, Peter Gilbert, is very pleased with the promotion of DUOG in the strategy.

"One of the key actions mentioned in the strategy is to clarify the long-term role of gas, including LPG, along with other energy sources," he said. "Given that the draft versions of the strategy almost completely overlooked the role of LPG and gas, we are satisfied that our lobbying efforts were very worthwhile."

He said the way in which the strategy specifically addressed LPG was particularly pleasing.

"The strategy described LPG as a reasonably efficient and clean-burning fuel and said using more LPG would increase fuel diversity

and security, while also reducing greenhouse gases."

NZEECS

The Energy Strategy was launched alongside the New Zealand Energy Efficiency and Conservation Strategy. Draft versions of the NZEECS failed to recognise the role of DUOG at all, but combined lobbying efforts meant flued gas appliances gained a mention as a clean and efficient water and space heating option.

"We're behind the Government's efforts to improve the quality and standard of living for New Zealanders," said Peter.

"The fact that the NZEECS has listed gas appliances as a viable heating option is very pleasing."

EECA/DBH websites to include DUOG

The LPG Association and the Gas Association have also recently made inroads in increasing the promotion of DUOG via the Energy Efficiency and Conservation Authority (EECA) and the Department of Building and Housing (DBH).

Until recently, neither website mentioned the importance of gas as a clean, efficient fuel source. However, following meetings with both organisations, the LPGA and GANZ have been assured that the websites of EECA and DBH are currently being updated to include the direct use of gas, including LPG, as a viable option for domestic users.

LPGA Conference

25 & 26 October 2007

Hamilton



Conference highlights

Interesting presentations and the opportunity to network with fellow industry members were the main highlights of this year's LPGA conference, said executive director Peter Gilbert.

"Conference is always a great experience for delegates because it allows them to get away from the business for a couple of days and spend time talking to people within the industry they don't often have a chance to network with."

The conference started with welcome drinks on Wednesday 24 October and ran until the Friday afternoon. Hamilton mayor Bob Simcock officially opened the conference.

The first presentation, held on Thursday morning, was delivered by Dean Carroll of Genesis Energy. Dean spoke about the New Zealand Energy Strategy and the emissions trading scheme, and their relevance to Genesis and LPG.

Ken Graham, Abergas marketing manager talked about the opportunities to make LPG the obvious fuel of choice, now and into the future. He said that our

shifting population profile will have a major effect on LPG use over the next 40 years.

In the short term, he said, our shifting electricity generation mix will have a major effect on LPG use, as will our increasing peak power demands. He argued that heat pumps were adding to our peak demand problems.

"The first heat pump survey showed an average rise in peak loadings on the coldest day of winter was found to have increased by 65 percent," he said.

"This additional load places extra pressure on already stretched electricity networks, and contributes to the extra 5,800 MW of electricity estimated to be needed in New Zealand by 2025."

He also showed how New Zealand's unique climatic conditions will continue to have a major effect on LPG use and the effect our need to reduce particulate emissions will have.

In addition, Ken said, the Government's \$72.4 million home energy efficiency fund provided real and immediate opportunities to reinforce and grow LPG use.

"The way we react to these opportunities will determine the future use of LPG in the home," he said "So let's react the right way and make LPG the obvious fuel choice."

Helen Viggers from the University of Otago, Wellington, presented findings on a home heating and health study, which LPGA helped fund.

The study found that more effective heaters increased the indoor temperature and improved the symptoms of children with asthma.

Leah Murphy, a senior advisor from Treasury's Climate Group, delivered a presentation on the

"Government's \$72.4 million home energy efficiency fund also provides real and immediate opportunities to reinforce and grow LPG use."

Ken Graham, Abergas Group

“Climate change is not just an environmental issue, it is one of the most complex policy issues facing us.”

Leah Murphy from Treasury’s Climate Group (left).

emissions trading scheme (ETS) and how it will affect LPG. She said carbon neutrality was at the heart of the Government’s goal to be truly sustainable.

“Without global action to reduce and stabilise greenhouse gas emissions, the world is projected to experience a rise in temperature, increasing sea levels, more frequent extreme weather events and a change in rainfall patterns,” she said.

“Climate change is not just an environmental issue, it is one of the most complex policy issues facing us.”

She said there was broad support for an emissions trading scheme and that industry particularly liked the idea of fairness of all sectors and all gases being included over time. The ETS would mean a cost increase for LPG from 2010, but other transport fuels would be affected from 2009.

Leah said the scheme improves economics for LPG relative to petrol as a transport fuel and provides an opportunity to promote activity using LPG (and all other fossil fuels) as Kyoto compliant or taking responsibility for emissions.



During the course of the conference, updates were presented on the Great South Basin exploration, LPG supply security, ERMA New Zealand, employment law and the Australian LPG market. Outgoing president John Cumming gave the president’s speech and Peter Gilbert provided an update on the LPG Association.

In addition to the speeches and presentations, the 101 delegates enjoyed a gala dinner with pre-dinner drinks. Guest speaker Gordon Titchens spoke about the role of coaching the New Zealand Rugby Sevens, and the similarities

between good coaching and good business development.

Delegates also had the opportunity to network and socialise with one another on Thursday afternoon. They had the choice of an Ambrose golf tournament at the St Andrews Hamilton golf club, or a trip to the Waitomo caves.

All presentations are available to members and can be downloaded from the member-only section of the LPGA website (www.lpga.org.nz).

NEW LPGA PRESIDENT: Albert de Geest

Focusing on clear priorities and getting the best results from limited resources are the main aims of new LPGA president Albert de Geest.

Currently the chief executive officer at Liqueigas, Albert has over 20 years experience in the energy industry, including over 12 years in senior executive roles. His work in the electricity and gas sectors in New Zealand and Australia has included strategy formulation, risk management, wholesale marketing, market design and governance.

Albert also has extensive experience in developing rules for the electricity market, he chaired the Rules Committee of the NZ Electricity Market (NZEM) and spent 15 months at the Ministry of Economic Development (MED) managing electricity policy, all of which mean he has a good working knowledge of how Government operates.

"I thought about taking on the position of president for a while when I was approached and in the end I decided I had something to offer, in terms of my experience with Government," said Albert. "I think the policy knowledge I have will be useful."

Albert believes one of the biggest challenges for the LPG industry is ensuring that we are well represented and that the good stories we have are both heard and acted on. He said one major challenge which will affect the industry is the speed at which policy regarding climate change is being formulated and implemented.

"The Government policy machine is working very quickly on energy and climate change laws. In fact, it's moving so rapidly that we were almost blindsided by the energy strategy developments.

"Some of the changes Government is trying to implement, such as the emissions trading strategy, involve very complex legislation, and because they are moving so quickly, it can be hard for industry associations to keep pace with changes."

The last time the LPG Association developed a major strategy was in 2003/04 and Albert believes it is timely to look at what the Association wants to achieve now.

"I think it's time we had a look at why we're here. Not that the



Association has been doing anything wrong, but it would be good to step back and see what's changed in last few years and focus on what we want to achieve going forward."

Albert recently returned from meetings in Australia where he had the opportunity to catch up with the Australian LPG Association president.

"They're interested in the work we've done on the direct use of gas and they've done a lot of work analysis of automotive LPG, so there are definitely some opportunities to share information."

Emissions trading scheme update

Petrol and petrol prices could rise by around eight cents a litre by January 2009 under the Government's Emissions Trading Scheme (ETS), making auto LPG an even more attractive fuel alternative.

The ETS is also likely to benefit direct use of gas (DUOG), which could increase in price by a smaller margin than other fuel sources.

The ETS, part of the Government's response to climate change, is being implemented to encourage industries and businesses to cut back global greenhouse gas emissions.

The controversial scheme will establish 'a market' for greenhouse

gas emissions and put a value on carbon emissions (currently \$30 per tonne). As a result, the cost of all carbon-containing energy will be increased.

Under the ETS, consumers will have to pay more for their energy as suppliers will have to buy 'permits' to cover the amount of CO2 they release. The costs of these permits will have to be passed on to consumers.

"This is a significant concern for many areas of the economy," LPGA Executive Director, Peter Gilbert, said.

However, because LPG is a cleaner-burning fuel, containing less carbon

and other greenhouse gases, any increase to auto LPG should be around 20 percent less than for petrol or diesel.

"While increased taxes are never good news, at least there is a silver lining for the LPG industry," Peter said.

"Consumers should be encouraged to choose more environmentally fuel alternatives and, as such, the ETS will provide tangible benefits for LPG users."

The introduction of the ETS will be staged across industry sectors over the next seven years, with all major sectors included by 2013.

LPG-powered BMW smashes world record

A modified BMW 3-Series has broken the world record for an LPG-powered car reaching a top speed of 197mph.

A modified BMW 3-Series has broken the world record for an LPG-powered car reaching a top speed of 197mph.

German tuners AC Schnitzer fitted the BMW 3-Series coupe with the engine from the M5 and upped power from 500bhp to 552bhp.

This rocketed the AC Schnitzer GP3.10 – to give it its correct name – from 0-62mph (100kph) in 4.6 seconds, 0-124mph in 13.9 seconds before topping out at 197mph.

The record-breaking run took place at Nardo in Italy, an eight mile high-speed bowl where the Brabus Rocket set a world best for a saloon car last year, hitting 225mph.

Rolling on 20-inch alloys, the coupe has been fitted with an aggressive



bodykit and funky roof spoiler. Inside, the 3-Series gets a complete makeover and is fitted with a full Nappa leather trim.

Liquefied petroleum gas (LPG) is a cheaper alternative to conventional fuels and emits 15 per cent less

carbon dioxide than its petrol and diesel rivals.

However, it's unlikely you'll see any of these £140,000 motors on the road – the AC Schnitzer GP3.10 is just a concept.

Pic and story: www.autotrader.co.uk

Ray Ferner rejoins executive

Ray Ferner, managing director of Rinnai NZ Ltd, has rejoined the LPGA executive.

How long have you been involved with the LPGA

I was a member of the executive a few years ago for about 18 months, but I've been involved with the Association, in some form, since I started with Rinnai in 1994.

What made you rejoin the executive?

There was a vacancy created by someone else leaving in the appliance sector, so I thought it would be a good opportunity to get on board again. There are a lot of things happening in the industry at the moment, we want to get better traction for gas in the media and with Government so I wanted to be involved from an appliance perspective.

What do you hope to achieve?
I want the executive to ensure

that direct use of gas is given the best possible profile – with Government, in the media and across the industry I hope that we can all project the benefits and opportunities that using gas in domestic situations offers to New Zealand home owners and New Zealand as a whole.

What are the biggest challenges facing the industry?

Our biggest challenge is ensuring we have a credible message to deliver to the market place around benefits of LPG and that we're effective at getting key messages across to the right audiences.

What can the LPGA do?

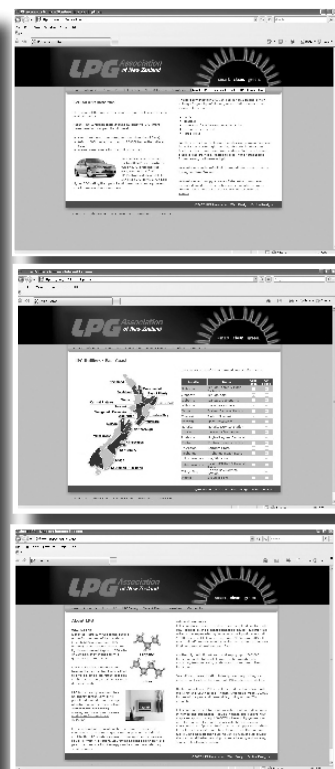
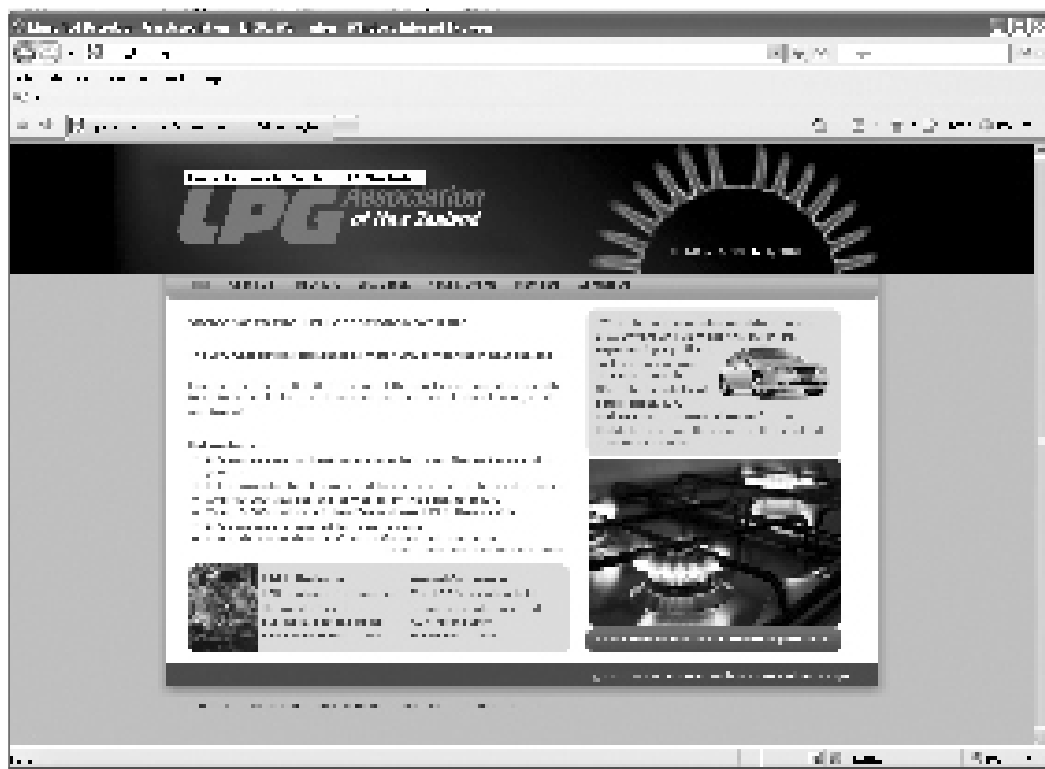
The LPGA has a central role as a voice for at least the LPG part of the gas industry. The credibility that comes from speaking as an

Association is far greater than that for individual companies. The LPGA needs to communicate benefits of LPG to New Zealand consumers.

How can the Government help the industry?

Government can help by ensuring that the role direct use of gas can play is clearly understood and included in whatever policy statements they make. They also need to make sure the message around electricity generation using gas is not confused with direct use of gas. They should recognise the value of gas as an efficient energy source with a low carbon footprint.





New look for Association's website

There have been a whole host of changes to the LPG's website.

The new-look site, launched at this year's conference, now has a much stronger customer focus.

"We've redeveloped the site so that it is now aimed at promoting LPG and the industry to prospective domestic and commercial users," said LPGA executive director, Peter Gilbert.

As well as looking a lot more modern and inviting, the new site has an easy-to-navigate menu bar, images which alternate between heating, hot water and cooking, and some quick facts promoting the use of LPG.

The site has been designed so that it is easy to update, which will ensure the information is always current and that new information can be added at any time.

The site includes a section on the Association, including benefits of membership and how to find a member. There is also a useful, searchable map to make it easy to find refillers.

A new section on the uses of LPG promotes the fuel as a cost-effective, environmentally-friendly option for business, domestic and motoring customers.

"We've put a lot of effort into updating and simplifying the content of the site," said Peter.

"As well as expanding on the consumer information, we have updated the member-only section to make it more useful for members."

The member-only section includes a comprehensive guide to HSNO, other important regulatory information and sales statistics.

As well as the existing website address, www.lpga.co.nz, the new site can also be accessed from www.lpga.org.nz. We welcome your feedback on the new site. Please email comments to info@lpga.co.nz.

If you are a current member and do not have a log-in for the site, please contact the Association by telephone 04 473 9519 or email info@lpga.co.nz.

And new premises too

The LPG Association has relocated to Level 16, Grand Plimmer Tower, Gilmer Terrace, Wellington.

Postal address, telephone, fax and email addresses remain unchanged.

GasLine is published four times a year by Four Winds Communications for the LPG Association of New Zealand. The views expressed in this publication are not necessarily those of the LPGA. The LPGA can be contacted by telephone (04) 473 9519, fax (04) 472 8369, or mail PO Box 1776, Wellington.