

Gas water heating gets big tick from GIC

Instantaneous gas water heating could save consumers over \$3000 on average per year compared with a conventional electric cylinder.

A recent report by the Gas Industry Commission (GIC) investigated the benefits of direct use of gas in both residential and commercial settings.

The report found instantaneous gas water heating could provide savings for homeowners in both new build and existing homes - \$3200 on average for a new build saved and \$2900 if replacing an existing electric water cylinder - both supplying a large heating load.

Replacing all of New Zealand's electric hot water heating with instantaneous gas (referred to in the report as 'instant gas') would also reduce New Zealand's CO2 emissions by 0.6 per cent or 430,000 tonnes per annum, the report said.

LPG Association executive director Peter Gilbert said the benefits of gas when used for water heating for consumers and New Zealand Inc was clear, however, it should be considered as an option for a suite of in-home uses.

"Gas is particularly favourable for consumers when used alongside

water heating for space heating and cooking."

The GIC report endorsed this position, stating instantaneous gas water heating was "clearly favoured" where gas is used for other purposes within a household.

For this reason the report also recommended the Energy Efficiency and Conservation Authority (EECA) add instantaneous gas heating to its water heating incentive scheme, making gas eligible for \$1000 funding.

"We urge EECA to heed the report and extend the scheme," Mr Gilbert said.

"We would like to see EECA recognise all of the benefits of direct use of gas and properly reflect those advantages when it comes to providing consumers with accurate and up to date information about the various energy sources."

Mr Gilbert said the natural gas and LPG industries have long maintained that New Zealand should make the best and most efficient use of all available energy resources.

"We need to think about the best fuel



for the job, and gas is a very sensible solution that should be part of the overall energy policy mix."

He said the GIC report is the second such study to endorse direct use of gas; a Centre for Advanced Engineering report commissioned by the industry last year reached the same conclusions.

"Both reports highlight quite clearly that direct use of gas, and LPG, is a strategic energy asset. We look forward to working with government to further encourage direct use of gas."

Kupe to provide remedy, says new President



New LPGA President,
Dave Wilson.

The new President of the LPG Association is hopeful the advent of Kupe will see LPG prices reflect 'local conditions' rather than an overseas index (CP Pricing).

Dave Wilson was elected President late last year. The Division Manager, LPG for Vector, he has enjoyed a lengthy career in the LPG business,

working also with NGC and coming from a background in the chemical and bulk freight industries (including LPG).

In his current role, he's responsible for Vector's OnGas LPG business, overseeing its operations, sales, call centre and engineering works etc.

"The introduction of CP pricing going back to January 2008 has hurt the industry," Dave says.

Kupe to provide remedy, says new President

Continued from page 1

"Some blame has to be attached to the economic recession, but there is no doubt in my mind that the move to full CP pricing in January 2008 - coinciding with record high CP rates - has hurt the industry, knocking consumption by about 15% from market peak.

"The automotive market in particular has suffered as a result and vehicle conversions have flatlined."

However, Dave is hopeful the advent of Kupe production will make a difference.

"The large seasonal swing in demand means that for a number of months of the year the New Zealand market will be over-supplied with LPG.

"The question is will the excess product be exported or simply left in the natural gas stream?

"From a user perspective this imbalance should see prices related to 'local conditions' rather than an overseas index."

In terms of key issues confronting the LPG Association, Dave acknowledges there is a feeling that there should be some generic promotion of "gas", albeit natural gas more so than just LPG.

Unfortunately, the reality for the LPGA is that it has limited funds. It is primarily funded by a small number of major industry participants who, for the most part, have explicitly declined a joint campaign approach.

"To me, the issue is one of "purpose" - what is the Association about? What do the membership (in particular the major funders) expect/want? The executive committee and I will be debating this issue in some depth."

Dave adds that each member of the Association is an ambassadors for the product and the industry.

"Let's take every opportunity we can to market our product, even, in the absence of costly TV commercials, if it's only a chat around the BBQ."

Thanks for the memories

It was probably one of the hardest periods the LPG industry has faced for some time, but immediate past President, Albert de Geest, says it was a satisfying – if challenging – period at the Association's helm.

The Chief Executive of Liquigas, Albert used that position, as well as his LPGA Presidency, to raise the profile of LPG as key energy supply asset.

He spoke regularly at conferences, maintained relationships with key officials and did his share of media work to ensure LPG was recognised and had credibility in the ongoing energy policy debate.

This was at a time when the energy strategy was being drafted, the NZEECS was being prepared, LPG imports (and prices) were increasing and everyone from the media, to consumers and policy makers, were focused on other seemingly more important energy issues.

"It was certainly a time-consuming role, but a very interesting and worthwhile one, nonetheless," Albert told Gasline.

"And while a two year cycle is definitely sufficient in terms of the demands the role makes on your time, there are still issues I'm quite passionate about and, in some ways, I'm a bit sorry I can't stay on to address them.

"Having said that, I know the Association's in great hands and that it has a bright future."

He said the industry should be well positioned now that it looks like New Zealand will have a surplus of domestically-produced LPG. Add to that this Government's interest in and encouragement for the oil and gas exploration and production sector.

"These developments have got to be good for business."

Albert wanted to take this opportunity to thank those with whom he worked so closely over the last two years, particularly, the Association's executive council, the technical committee and executive director, Peter Gilbert.



Immediate past-President, Albert de Geest.

Welcome to new members

Welcome to new members to the LPG Association.

LPG retailers:

- Kwik-Swap New Zealand
- North Harbour Hire

Installers:

- Auckland Plumbers

Equipment suppliers:

- Tradewizz Ltd



LPGA delivering on expectations

The LPG Association is heading into 2010 determined to continue providing its members with the services needed to keep the industry going forward, says LPGA Executive Director Peter Gilbert.

"It has been an interesting year for the LPGA, as it has for many industry associations. A changing membership, ongoing challenges in the marketplace and regulatory issues have kept us busy. The LPGA has risen to these challenges, and delivered on members' expectations."

The LPGA has stayed relevant by focusing on influencing legislative and regulatory industry frameworks and promoting LPG as a fuel of choice, Peter said.

"We must keep looking for ways to help LPGA members navigate this fluid operating environment. If you look overseas other industry associations have faced similar issues and have failed to respond – to their detriment."

This is a view shared by LPG Australia Executive Officer Michael Carmody. In

a presentation to the LPGA Industry Forum he showed industry association numbers have dropped dramatically in both Australia and the USA.

Industries with associations that have failed to define or deliver tangible value, or associations offering ineffective service have folded, he said.

"Industry associations must define their true purpose, then value and relevance, then commercial viability."

Michael said although there is an increased demand for advocacy services there has been a reduction in government support and a reduction in subscriptions.

Therefore associations must define their purpose, engage the national interest and assess industry's intent to

truly engage and contribute, he said.

The LPG Australia head said industry associations must talk to their members, continually improve, invest in industry progress and reduce number of associations.

Rationalisation of associations had been on the agenda for the LPGA, with a potential merger with the Gas Association of New Zealand discussed, Peter said.

"The LPGA has a co-operation agreement in place with the Gas Association of NZ (GANZ) to work together on issues of mutual importance and benefit. Although it has been debated, the executive committee has decided that, at present, there is no compelling case for anything more than this."

ERMA initiates its own HSNO re-assessment

Submissions have now closed on the ERMA-initiated application for a modified re-assessment of HSNO affecting LPG, propane and butane.

An ERMA spokesperson says the application was made in the wake of Fire Service recommendations following the tragic fire at the Tamahere coolstore in April last year.



The application also contains recommendations stemming from the 2004 Report of Inquiry into the Use of LPG Cylinders Indoors.

The application will make more changes to the safety rules, controlling aspects of the management and use of LPG and related substances, ERMA says.

Key proposals include:

- Making the gas detectable by odorising it, or by some other

equally safe, approved, means which meets the gas detection requirements (odorising is not suitable in all situations).

- Making mandatory the requirements of Australian/NZ Standard 1677.2.
- Requiring hazard and emergency signage to be displayed when any quantity of LPG is used in a refrigeration system in a machinery room or where greater than 50 kg of LPG is held inside a building (the current threshold for signage is currently 250kg). Fire-fighters involved in the Tamahere incident didn't know LPG was being used as a refrigerant on the site, nor could they smell it.
- Placing restrictions on the maximum quantities of LPG which can be used and stored in domestic dwellings, factories, warehouses and exhibition centres. This proposal reflects the provisions of AS/NZS 1596:2008.
- Making it mandatory when completing the LPG approved filling test certificate that the test certifier checks that the person in charge is able to demonstrate that an approved filler is filling the container and that person holds

a valid test certificate. This is an issue highlighted by the LPGA's own audit of LPG cylinder filling processes.

Another proposal included in this application is that consideration be given to using a new type of cylinder valve design, when it becomes available. This is another issue raised by the 2004 Report of Inquiry into the Use of LPG Cylinders Indoors.

It was discovered then that the combination of POL connectors and QCC valves had the potential to leak, and it was thought that a valve without an internal screw thread (unlike the QCC design) would prevent this problem. A new, more appropriate specification has been designed but the new design is not yet being marketed.

ERMA says this application for re-assessment is separate to that initiated by the LPGA. It opted to keep the two applications separate to make it easier and more convenient for all interested parties to review all the proposals together, rather than in isolation.

ERMA intends to have reviewed all submissions and have a consideration by the Authority early in the new year.

HSNO process rolls out



About ten submissions were received in response to the LPGA's application to the Environmental Risk Management Authority (ERMA) for reassessment of the HSNO Regulations.

Submissions on the application closed on November 23 with the majority of the comments received coming from test certifiers, LPGA Executive Director Peter Gilbert said.

The application could see location test certificate threshold quantities increased from 100 kilograms to 300.

"The industry is putting in place a range of significant initiatives to assure compliance and mitigate potential risks with no cost to consumers," Peter said.

The LPGA will now draft a response to the submissions if required, which will then go to ERMA before the Authority makes a recommendation on the application.

"At this point the LPGA may make a further submission in reference to the recommendation, after which we may appear before the Authority for a formal hearing."

Progress on the application is expected early next year.

New Act comes into effect

The final stage of the implementation of the 2006 Plumbers, Gasfitters, and Drainlayers Act comes into effect as this issue of Gasline goes to print (From 1 April).

The primary aim of the changes is to enhance public health and safety. The changes will also create more opportunities for competent licensed practitioners, by making it harder for those who are unlicensed to continue to operate.

The PGD Board has consulted widely with both stakeholder organisations and individual practitioners to ensure the changes are practical and workable for industry, and don't impose unnecessary costs.

The Board has produced a range of guidance brochures that explain the changes in plain English. There is one for each of the trades (plumbing, gasfitting and drainlaying), one that covers supervision and testing requirements. Another is specifically designed for consumers.

The 'gasfitting' and 'supervision & testing' brochures will be of most relevance to LPGA members. These documents can be downloaded from the Board's website at www.pgdb.co.nz, and you can also contact the Board if you would like copies of the brochures sent to you.

As with any period of significant change there will inevitably be some confusion about the new requirements and some 'teething' issues.

The Board is making every effort to assist practitioners and other stakeholders to understand the new requirements and will continue to do so as we move into the new licence year. If there is anything about the new requirements that is not clear, please don't hesitate to contact the Board for assistance.

GM still hot on LPG

Auto LPG still gets the green light from General Motors Europe, which is early next year launching the diminutive Chevrolet Spark with an LPG variant.

The A-car (mini) segment is the fastest-growing European and Asian market, making up 10% of total passenger car sales in the EU this year - more than double the 2005 numbers.

The Spark will be offered with two gasoline engine options and a liquefied petroleum gas (LPG) option. The gasoline engines will be 68 and 81 horsepower units, respectively, with varying efficiency and performance capabilities.

LPG is one of the most common alt-fuel available in Europe and the Sparks with this engine will have performance capabilities similar to the gasoline versions (about halfway between at 70hp).

Both fuel costs and emissions are much lower with European LPG vehicles.

Chevrolet will be including their usual full warranty on the Spark LPG cars just as it does with the gasoline versions.

