

# GAS NEW ZEALAND

Representing New Zealand's Gas Industry

smart. clean. efficient.



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### Welcome to Gas New Zealand, a joint publication of the LPG Association of NZ and the Gas Association of NZ.

Gas New Zealand will be published regularly as part of the industry's efforts to encourage the direct use of natural gas and LPG into households and small business.

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

### CERTIFICATION FOR A SAFER INDUSTRY

Paul Stannard, Technical Officer – Energy Safety, at The Ministry for Economic Development, talks about why the gas certification review is important.



Safe gas installation work relies on competent people who are capable of both carrying out work safely and producing safe results.

The review of certification completed in 2011 recognised that certification (by the person who did the work) is a significant element in ensuring safe outcomes. Certification serves a number of functions for installers, consumers, regulators and others. Among other things it identifies who is responsible for the work and provides assurance that that the work is lawful and is safe to connect for the purposes of supply.

To implement Cabinet decisions aimed at strengthening certification, Energy Safety consulted with some industry experts to help classify various types of gasfitting according to risk. Experts have also been consulted identify the elements necessary for certification, and how the elements of certification and levels of risk can be brought together. The responses Energy Safety has received have been helpful when developing proposals for the regulations.

Energy Safety is working to develop a certification system that:

- Meets legislative requirements
- Gives assurance to customers
- Allows accountability for the various elements, including design, the installation work itself, supervision, commissioning and testing, and connection to supply
- Accommodates the full range of gasfitting, from the smallest to the largest and the most complex installation work
- Is efficient and avoids unnecessary compliance costs.

Bearing in mind that all gasfitting is to be certified, Energy Safety considers there should be three levels of risk for gasfitting certification. The 'high risk' and the 'low risk' (consisting of gasfitting that currently does not require certification) levels are set about right. There is justification for an intermediate level of risk for work that is more than the low risk but for which the high risk approach may be too intensive.

Significant features of the new regime are:

- Extending certification to all gasfitting – including removal of the "less than 15kg" exemption
- Removing the fee for purchase of the certificate
- Requiring 'certification' by each person for work they have done.

We are now at the drafting, ahead of a consultation to verify the draft with selected industry representatives.

For more information about the review and its outcome, see the Gas and Electrical Certification and Fees Review page on the [Energy Safety website](#).

### DEAL TO BRING UP TO \$860M INTO TARANAKI

A deal between Todd Energy and Methanex is likely to pour around \$860 million into the national economy over the next 10 years, with the Taranaki region benefitting the most.

From July, gas from Todd's Mangaheha field, northeast of Waitara, will be delivered to the Methanex site at Motunui. This supply will enable Methanex to restart its second methanol train and see the production of Taranaki methanol double to up to 1.5 million tonnes a year.

It is anticipated that a 500-strong workforce will be required to bring the train back to life. It will also mean the start of a major drilling programme at Mangaheha, which will see up to 25 new gas wells drilled and Todd's production facilities expanded over the next five years.

The agreement means Todd is now able to expand its gas business, giving it the ability to make commercial investments in the region that it would have otherwise avoided.



Mangaheha gas is sent to McKee Production Station

### NEW TRUSTEES WELCOMED TO KEST

The Kennedy Educational Scholarship Trust (KEST) has appointed Mark Hermann (Powerco), Gregg Brown (Abergas) and Geoff Evans (GasNet) to its Board of Trustees.

KEST is a legacy that the pioneering Kennedy family left behind to ensure that NZ's gas industry continues to innovate and grow through study, research and experience. It provides grants to students and industry professionals whose proposed work will advance the knowledge and skills retained in the wider gas industry.

Grants from KEST are available to support a range of initiatives, providing they meet the criteria set by the Board. Previous awards have been made to support travel to study gas-related issues and events, university papers on direct use of gas, and an annual scholarship.

"The Trust really is there to support anyone who can bring advancement or new understanding to the NZ gas industry. We've seen Industry Training Organisations come along to provide training but the Trust is offering a broader range of opportunities to expand our knowledge base," says Craig Muirhead, Chair of KEST.

KEST is looking to transform into a more proactive organisation and welcomes any suggestions, ideas and comments for the gas industry.

Applications are welcomed from anybody working in the sector. For further information about what support might be available, please contact [p.gilbert@ganz.org.nz](mailto:p.gilbert@ganz.org.nz) or Kennedy Educational Scholarship Trust, C/- PO Box 12679, Thorndon, Wellington 6144.

Happy New Year to you all and welcome to the first edition of our newsletter for 2012.

#### In this issue

- Certification for a safer industry
- Is Dunedin missing a trick?
- Meet the President
- New Trustees welcomed to KEST
- Deal to bring up to \$860m into Taranaki

### IS DUNEDIN MISSING A TRICK?

The inconsistencies across different regional councils in the way they regulate the stored quantities of LPG continues to be a bane. It is both unnecessary and unwanted, especially when the HSN0 2005 Act and Regulations covers every possible scenario.

Dunedin City Council is the latest example. The Council has missed an opportunity to bring its District Plan up-to-date on LPG trigger limits to recognise the effect of the HSN0 Regulations. Instead it has imposed a limit of 180kg across the board, above which Resource Consent is required, in addition to the Location Certificate required under HSN0.

This means that regardless of who you are, if you have more than 180kgs of LPG stored, you need to apply for Resource Consent. So whether you're a homeowner, or a large industrial manufacturer, 180kgs is your limit.

More forward-thinking councils have tiered their approach to LPG storage based on the zoning area for the installation. So customers in industrial and commercial zoned areas have a higher limit than those in residential areas. This approach at least recognises the need for more realistic trigger quantities based on what use the area is zoned for. This provides a far more realistic (as of right) LPG storage quantity, before customers get into the complicated and expensive world of resource consents.

There is also an argument that local authorities shouldn't feel the need to be involved in regulations regarding LPG storage. All possible risks are considered under the HSN0 Act, which is administered by the Environmental Protection Authority.

Dunedin's proposed trigger limits are being imposed with no discernable safety benefit to local residents, whilst also increasing the cost, and the bureaucratic burden, on LPG customers.

The LPGA has made a submission to Dunedin City Council to rethink its proposals and replace them with one of two alternative scenarios.

Either leave out the requirement to apply for Resource Consent altogether, as the hazards for LPG are all covered under the HSN0 Regulations, or provide limits that are more reasonable depending on the land zoning, such as the system used by Christchurch City Council.

Or there is a third potential outcome. Maybe businesses will look for a more reasonable place to be based.

### MEET THE PRESIDENT

Terry Barstead has been appointed as the new President of the LPGA for the next two years. Here he shares his thoughts about the industry and his goals for his term in office.



#### What's your background in the industry?

I moved to New Zealand in 1980 with Petrocorp and one of my first jobs was to be part of the formation committee for what eventually became Liquigas. Later, I was involved in the partial separation of Electricorp into a business unit that eventually became Contact Energy. More recently I've been heading the LPG business unit at Todd Energy for the past 15 years. So you could say I'm a 30-year veteran, but please don't as that makes me sound old!

#### What are your goals for your Presidential term?

I'm very lucky that the LPGA is in very good shape compared to some of the industry groups that are struggling in these tough economic times. In contrast, the LPGA is still going strong because it continues to remain relevant to its members and has built a strong foundation for the future. I see my job is to keep that momentum going, maintain the association's relevance and remain a viable presence in the industry.

#### What are the issues and challenges the industry is facing?

As with just about every other industry, we are all unsure of how global economic uncertainty will impact NZ. We've been relatively unscathed so far, but that's unlikely to remain the case. At a local level, our industry relies on having a reliable infrastructure to get our product to market. Some of that infrastructure is getting on in age so, as an industry, we need to be on top of all necessary repairs, improvements and equipment replacements. We shouldn't be waiting for the government to pass legislation about safe operating procedures – that should be business as usual for us.

#### When I'm not at work you can find me...

Haunting the beaches and cafes in and around Eastbourne, Lower Hutt, where I live.