

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 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 use of this energy asset.

GAS INDUSTRY IN GREAT SHAPE

The gas industry is in the best shape it has been for some time, according to new GANZ board member Stuart Dickson.

"The level of prospecting is very encouraging and is translating into improving reserves, better pricing and ultimately improving the competitiveness of gas as a fuel." Says Mr Dickson.

"This is driving improved confidence and should set the gas industry up for a good period of growth as the economy picks up."

Mr Dickson says gas remains an important part of New Zealand's economy, both at an industrial level and for residential consumers.

"The long term benefit for residential gas users is still very solid as shown by the Consumer Energy Options Report published by the GIC late last year. Nevertheless the low gas penetration rates reinforces that a solid value proposition is not sufficient on its own and the gas industry needs to work collectively to achieve growth."

Mr Dickson is Powerco's General Manager (Gas).

"From a distributor's perspective, the finalisation of the regulatory settings for the first DPP period has been an important milestone. While there is still a lot of work associated with the information disclosure requirements, we now have a clear set of rules."

Mr Dickson says GANZ has an important role to play addressing technical, competency and safety issues across the gas industry.

"It makes a lot of sense to have industry alignment in these areas and I am very supportive of the work plan that GANZ is pursuing. However, one key challenge for GANZ is its lack of scale to address wider issues facing the gas industry, such as being an advocate for gas across the industry. This is an area where GANZ has previously played a larger role and could step up again with the support of the industry participants."

JUMP IN LPG SALES

There has been a significant increase in the number of large commercial and industrial users of LPG in New Zealand.

Sales rose 7 per cent in 2012 and are still rising in 2013, but have not yet hit the peaks of use seen in 2006 when 180 thousand tonnes a year were being used.

"The industrial and commercial LPG market contracted during 2007, 2008 and 2009. Maui LPG was running down and New Zealand began importing LPG which meant a move to world pricing," says Terry Barstead, the general manager of sales and marketing for Nova Energy.

"However, since those days Kupe has now come on stream, the Todd McKee plant in Taranaki has come on stream and there has been a real lift in domestic production again.

"That more plentiful local supply means the larger users are more comfortable again going onto a New Zealand LPG supply."

Last year the total NZ LPG market was round 151 thousand tonnes and Mr Barstead predicts it could reach as high as 158 thousand tonnes this year.

"I think it's likely there will be steady increases in LPG commercial and industrial users over the next few years and we could eventually hit around the mid 160 thousand tonnes.

"But this won't happen overnight. As to whether we will ever reach the highs of 2006, well, we can never say never."

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](mailto:info@lpgs.org.nz)

NEW DRILLING RIG IN TOWN

A new state of the art drill rig from Germany is being used off the Taranaki Coast to help extend the life of New Zealand's oldest natural gas field.

The Archers Emerald rig is now drilling for pockets of gas in the Maui Reservoir in the hope of finding enough new gas to extend the life of the Maui platform, which in its heyday produced 90 per cent of New Zealand's gas needs.

That has now fallen to 20 per cent and the field is unlikely to last beyond another decade.

The drilling project is costing more than \$100 million dollars; to bring the drill out from Germany and to run it while it is here in New Zealand.

It is planned to drill several exploration wells on the edge of the Maui field.

It can reach difficult to access pockets of gas 4 km under the sea by drilling down through an existing well and branching off horizontally.

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HAPPY WINNERS!



Sharemilkers Catherine Moore and Jacques Lenoir

Catherine Moore, a sharemilker from Northland and Gabriel Collins from Auckland are the two winners of the hot water heaters (plus installation costs) in the Beauty of Gas competition in the New Zealand Herald.

"I was in the car park of the local mall when Rinnai rang to tell me I had won. You could have knocked me over, I couldn't believe it!" says Catherine.

Catherine and her husband Jacques Lenoir have been sharemilking on the Kaiwaka property for 6 years with a herd of around 240 cows.

After 30 years dairy farming, they recently bought a smaller holding with only 73 cows in Kaiwaka with a view to downsizing about this time next year.

In the meantime another couple are living in that house and sharemilking for them.

"We want to renovate the property when we move in so Rinnai have very kindly sent us the water heater and the installation costs and we will put it in when the current tenants move out. Rinnai have been very good to deal with considering we didn't want to use the prize immediately."



Arthur and Julian Collins jumping for joy when they heard the news their father Gabriel had won a Rheem water heater while the family were on a tramp on Tiritiri Matangi Island.

Gabriel Collins and Penelope Dunn from Point Chevalier in Auckland have won the Rheem hot water heater from the same competition.

Gabriel says he already has a gas hot water heater in his family home but it is about 14 years old.

"I'm sure this new Rheem water heater will be a lot more efficient than our old one. We have three boys so we really need an endless supply of hot water for showers."

Mr Collins says he is really pleased Rheem will also pay for the installation of the new hot water heater.

"I was stunned when Robert Macgregor from Rheem rang to say I had won the prize. It's a great prize and I imagine the competition had a lot of entries so we are really pleased we won."

Meanwhile there were 12,858 hits on the website in April and another 20,500 hits in May following the competition, compared to an average of around 8000 hits per month.

NEW SAFETY CAMPAIGN FOR CONSUMERS

GANZ and the LPGA have both agreed to undertake an industry wide gas safety consumer campaign.

The new campaign will be conducted online and runs from June through until September.

The new safety campaign is also being supported by Energy Safety, Environmental Protection Authority and the Plumbers Gasfitters and Drain layers board.

"It is excellent to see all those groups in the wider industry cooperating together in the best interests of the consumer," says LPGA executive director Peter Gilbert.

"The safety website landing page will have all sorts of tips for consumers such as what to do if you are having gas installed and what to do if you smell gas etc. It will cover safety advice for both fixed gas appliances and cabinet heaters."

The online campaign will use websites such as Stuff, Facebook, the Met Office and NZ Herald to advertise the safety page.

"The good thing about this is that we will be able to work out just how many people visit this special safety site. The landing page will also be around forever so other industry sites will be able to link to it as well."

Gas New Zealand is published monthly by The PR Company for the LPG Association and Gas Association of New Zealand.

The views expressed in this publication are not necessarily those of the LPGA, or GANZ. The LPGA can be contacted by telephone (04) 914 1765, fax (04) 914 1766, or mail PO Box 1776, Wellington.

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