



GANZ represents companies and organisations in the gas sector involved in the transportation and trading of gas. The full members are: Nova Energy, Powerco Ltd, Wanganui Gas Ltd, Vector, First Gas Ltd. Gas Equipment Suppliers (GES) has a group membership, and there are a number of associate members.

GANZ's objective is to facilitate a safe, effective and sustainable industry. It is a proactive forum that identifies, discusses and resolves issues impacting on the health and sustainable development of the industry.

Directory

Gas Association of New Zealand (GANZ)

Address: Level 12, Davis Langdon House, 49 Boulcott Street, Wellington

Postal: PO Box 1776 Wellington 6140

Tel: 04-472 9200

Fax: 04-914 1766

Email: admin@ganz.org.nz

Website: www.gasnz.org.nz

Executive Office: Peter Gilbert (also Executive Director for the LPGA)

Auditors: Moore Stephens Markhams

CHAIR'S REPORT

2017 has seen an unprecedented focus and activity around climate change and the transition to a low carbon future. Following the Paris Accord, the Productivity Commission undertook an inquiry into how New Zealand can maximise the opportunities and minimise the costs and risks of transitioning to a lower net-emissions economy. The "Low-emissions economy" draft report will be published in April. The cross party parliamentary group GLOBE-NZ also commissioned Vivid Economics, a UK-based consultancy firm, to prepare a report "Net Zero in New Zealand". In the coming year, the new coalition government will consult on a Zero Carbon Act. At the same time, the level of gas reserves and exploration is creating concerns about the longevity of our gas reserves.



Stuart Dickson

GANZ is responding to these challenges, which are providing a great opportunity to work together with the LPGA. The jointly run Gas Forum was a good example of the two association's work in this area. A panel discussion on climate change and the role of gas proved to be both thought provoking and challenging.

The regulated pipeline companies have entered their second regulatory control period, with price and quality paths set by the Commerce Commission. The new Health and Safety at Work Act is now well established and the gas industry continues to work constructively with Energy Safety. It has been a busy year for standards as well with participation on appliance and network standards committees.

Training and competency continues to be an area of focus in 2018 with some significant challenges in delivering the new industry qualifications and competency framework.

Thanks to all who have contributed to the Association's activities throughout the year.

Stuart Dickson

A stylized, handwritten signature in blue ink, appearing to read 'Stuart Dickson'.

GANZ Chair

STRATEGIC DIRECTION

GANZ updates its strategic plan

The GANZ Board has continued to update its strategic plan in 2017, with a greater focus on industry advocacy. In the coming years, there will need to be a strong focus on promoting the role of gas in a lower carbon future.

The strategic themes, objectives and initiatives to achieve those objectives are set out in the one-page strategy.

GANZ Strategic Plan

Growing the Gas Market	Objective 1: GANZ supports growth <i>How we will measure success:</i> <ul style="list-style-type: none"> • ICP growth rate • Residential, commercial and industrial volume growth 				
Industry advocacy	Objective 2: GANZ has active and consistent industry voice <i>How we will measure success:</i> <ul style="list-style-type: none"> • Up to date website with growing hits • Participation in conferences • Participation of all significant downstream participants 	Objective 3: GANZ shapes the operating environment <i>How we will measure success:</i> <ul style="list-style-type: none"> • Submissions on relevant legislation • Participation on all relevant Standards Committees • Work with Gas Industry Company (GIIC) 			
Safety and Quality	Objective 4: GANZ a trusted knowledge center for the industry <i>How we will measure success:</i> <ul style="list-style-type: none"> • First point of contact for Energy Safety and other Stakeholders • GANZ considered subject matter experts 	Objective 5: GANZ drives better safety and quality outcomes <i>How we will measure success:</i> <ul style="list-style-type: none"> • Safety information shared between companies • Development and maintenance of safety performance KPIs • Completion of the TAG work plan 			
Competency and training	Objective 6: Industry-wide consistent competency standards <i>How we will measure success:</i> <ul style="list-style-type: none"> • Common competency standard used by all participants • Competency standards are industry best practice • Competency standards current (e.g. reviewed per schedule) 	Objective 7: Clear, efficient, easy to access training material and providers <i>How we will measure success:</i> <ul style="list-style-type: none"> • Minimal back-log for training and/or recertification • Cost-effective training available • Trainer options available and digital training in place 			
Strategic Initiatives That Will Deliver Our Objectives:	1. Safety messaging <ul style="list-style-type: none"> • Safety campaign with Energy Safety • Safety alert processes 	2. Gas Advocacy <ul style="list-style-type: none"> • Web-site upgrade • Promotion campaign (joint with LPGA) 	3. Training <ul style="list-style-type: none"> • Develop new training providers • Digital training options 	4. Standards <ul style="list-style-type: none"> • Management of revision and development • Develop, maintain and promote competency standards for gas industry 	5. Membership <ul style="list-style-type: none"> • Regain retailer membership • NZIGE proposal

ADVOCACY

Maintaining close ties with the GIC

Maintaining close co-operation with the Gas Industry Company (GIC) remains an important task for GANZ. During the year, the GANZ Board invited GIC representatives to attend a Board meeting where our respective objectives were presented and discussed, with a sense of strong alignment between the organisations.

New EECA chief appointed

Andrew Caseley was appointed The Energy Efficiency and Conservation Authority's (EECA) new Chief Executive during the year.

With 10 years' experience as Managing Director for global engineering and environmental consultancy, MWH, Andrew brings a wealth of experience to the table from both the public and private sectors.

He was previously Chief Executive Officer of the Hawke's Bay Regional Council, a position he held for 13 years, and is a Companion Member of the Institute of Professional Engineers.

EECA has always been an important stakeholder and influencer for our industry. We look forward to cementing a solid working relationship with Andrew and to ensuring he is fully briefed on downstream gas sector issues.



Steve Bielby



Andrew Caseley

Name change doesn't affect Utilities Complaints Commission's role

Despite changing its name from the Electricity and Gas Complaints Commission, the now Utilities Complaints Commission has not altered its role.

Error on Homestar rating website amended

We do express our appreciation of the prompt efforts by the The New Zealand Green Building Council (NZGBC) to amend misleading information about gas appliances on their Homestar Ratings website. The Homestar Rating tool certifies the health, efficiency and sustainability of New Zealand homes.

Earlier this year, content the Homestar Ratings website guide indicating that the use of flued gas heaters is 'not a viable heating option'.



A building developer first raised the error after informing a gas supplier they couldn't install a gas heater if they were building a house to a Homestar rating of 5 or above. A home is rated on a 1-10 scale: a rating of 1 Homestar means it needs significant work, and 10 Homestar indicates international best practice.

The Executive Officer subsequently followed this up with the NZGBC who were unaware of the issue, but who agreed to amend the incorrect content after hearing from GANZ and the LPGA.

The NZGBC has now amended the guide to accurately reflect the value of gas heating.

Comprehensive briefing prepared for new Minister

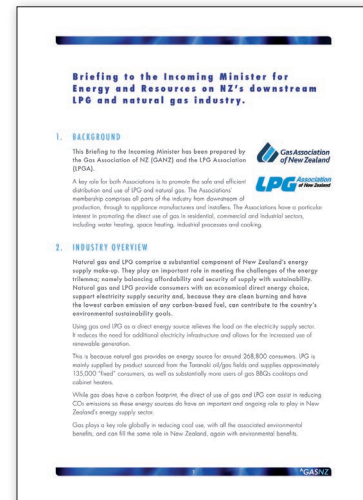
Natural Gas and LPG comprise a substantial component of New Zealand's energy supply make-up and our two Associations are keen for the incoming Government to continue to push for the delivery of high quality gas resources to consumers in a safe, efficient, fair, reliable and environmentally sustainable manner.

That's one of the key messages highlighted in the Briefing to the Incoming Minister (BIM) prepared by the GANZ and LPGA. The Associations are hoping to present the BIM and meet with the new Minister as soon as possible after the Warrants are signed.

Downstream gas may not compete with electricity in terms of Government policy bandwidth but that doesn't mean this energy source should be marginalised. The job of our BIM is to ensure DUOG is recognised for the strategic value it offers.

Together with LPGA, we also hope to encourage the development of resources where it is economic to do so and we will share with the Minister the sector's aims to minimise the environmental impacts of energy supply and use, while alleviating the NZ's carbon footprint.

A key point that must be highlighted to any Minister is that continuing to use downstream gas as a direct energy source relieves the load on the electricity supply sector. It reduces the need for additional electricity infrastructure and allows for the increased use of renewable generation.



Promoting the role of gas in the zero carbon debate

The debate around a zero carbon future for New Zealand is being led by **GLOBE-NZ**, a cross-Party group of MPs that serves as the Kiwi chapter of **GLOBE-International**.

GLOBE-NZ commissioned Vivid Economics, a London-based strategic economics consultancy, to produce a report on alternative pathways for New Zealand's transformation toward a low-emission economy.

This has some obvious ramifications for the gas industry. The Executive Officer attended a meeting at which Vivid Economics briefed interested parties here on its final report. He also attended the report's launch at Parliament earlier this year. It was a good opportunity to put the case for gas to some of the Globe-NZ group.

Suffice it to say the move toward a low emission economy or a net zero carbon economy is a matter of time and degree rather than yes or no. The role of the Association is to ensure the decision makers know what the gas industry can offer Kiwi consumers operationally and NZ Inc strategically.

We also must highlight the role gas plays in facilitating greater use of renewable electricity generation and the move from more carbon intensive fuels, such as coal for high heat applications.

GANZ will also point out to decision makers that residential gas use contributes less than 3 percent of the country's total greenhouse gas emissions, and the cost benefit ratio of moving residential gas customers to alternatives would be poor indeed.

Liaising with officials a key workstream

An important part of the Executive Officer's role is keeping in regular contact with key officials, for two reasons:

- To ensure GANZ is kept aware of any developments in policy, regulations, or the Government view of the industry.
- ensure industry developments, operations, and views are communicated to the relevant officials.

Key contact is with representatives of the Ministry of Business, Innovation and Employment (various sections such as Energy, Building and Construction, Trade measurement) Ministry for the Environment, the Gas Industry Company, Energy Efficiency Conservation Authority, Environmental Protection Authority, WorkSafe NZ and the Utility Complaints Commission.

Contact with other key non-government stakeholders, such as the Plumbers, Gasfitters and Drainlayers Board, Master Plumbers NZ, PEPANZ, EEA and the ENA also plays an important role in information sharing and co-operation.

This contact underpins GANZ's work in helping to shape regulations and standards, and providing consumer advocacy. It forms a major component of GANZ's annual workplan and is a valuable workstream.

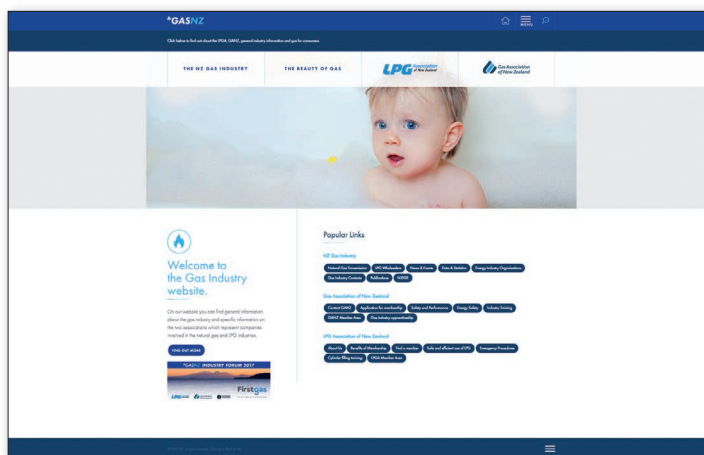


COMMUNICATIONS

Joint GANZ, LPGA and Beauty of Gas website now almost a year old

The joint GANZ, LPGA and Beauty of Gas website – gasnz.org.nz – was launched this time last year as a more effective use of resources and as a one stop portal for those seeking information about “gas”.

The website links GANZ’s site, the LPGA site, and the Beauty of Gas site on a single Gas NZ landing page.



Consumers who wish to know more about gas appliances, how to get gas, and the benefits of gas are directed to the Beauty of Gas website while people interested in the GANZ and LPGA can be directed to those pages.

The website has a consistent fresh and modern look across all the sections, making it easier for members, stakeholders, and the public to access relevant information. It also provides a far more impressive “shop front” for the industry.

Beauty of Gas website optimised

As part of the ongoing desire to improve the consumer information, the Gas NZ committee undertook an optimisation review of the Beauty of Gas website to improve access to gas-related information. The main aim of the search engine optimisation was to make the website the number one site for domestic gas information in New Zealand.

The Gas NZ committee used a website optimisation company to run tests on the website. The tests showed what people were searching for, what they clicked on, and how long they stayed on different pages.

The recommendations from the study were implemented in early 2017 and a review of the impact of the changes found that; we have seen an increase in traffic to the site of 435% vs September 2016 and 198% increase vs August 2017. Below is a breakdown of those numbers:

- September 2017 – 1,124 Users.
- August 2017 – 376 Users.
- September 2016 – 210 Users.

We have gone from having an average of 7 visitors per day on the site in 2016 to 37 per day in 2017.

The Important Links page is the third most visited page on the site with an 820% increase in Users vs September 2016 (460 users in September 2017 vs 10 in September 2016) and a 238% increase vs August 2017 (460 vs 136).

Not all of the planned activity has gone live yet, but we expect October to provide further increases in all key traffic numbers.

Following this benchmark-setting exercise, GANZ and the LPGA agreed to co-fund a digital media-based campaign. The campaign has two elements:

- Developing a Search Engine Marketing (SEM) strategy for The Beauty of Gas in order to help reach the target of 5,000 visitors per quarter to the website. The strategy will include a proposed approach as well as proposed AdWords (Google Search Ads) and optimisation.
- Developing a Social Media Marketing strategy for The Beauty of Gas in order to help reach the target of 5,000 visitors per quarter to the website. The strategy will include the development of an Editorial Plan, a Posting Calendar, crafting the posts (image and copy), page management and reporting.

The ultimate goal of the campaign is to increase visits to the website, so potential gas customers get relevant information and access to industry links to further their decision process. This project will be kicking off in October this year.

Addressing misconceptions around the 10 year gas reserves issue

Consumer Magazine is a well-respected publication, but recently it published some information about New Zealand's gas reserves that caused industry some concern.

The article suggested New Zealand only has 10 years of gas reserves, a figure that, while ostensibly correct, is misleading for residential customers because it doesn't reflect all the complexities of the supply market.

GANZ and the LPGA both took issue with Consumer's figures and projections. We responded directly to the magazine, explaining why we thought the 10 year projection was misleading, and we published our concerns in Gasline.

Both Associations are naturally keen to address any and all issues that misrepresent the reserves situation in New Zealand, especially when incorrect information may impact consumer purchasing decisions.



2017 Gas Industry Forum another 'best yet'

The 2017 Gas Industry Forum was widely accepted as being another best yet, according to feedback. Around 150 people attended the event at the Wairakei Resort Hotel in Taupo, and the line-up of presentations was well received, with informative presentations and valuable networking opportunities.

One of the highlights of the forum was panel debate on climate change and the role of gas in a low carbon future. Prof Ralph Sims, Kennedy Graham, Steve Bielby, John Carnegie and Paul Goodeve provided a broad range of well-informed perspectives, ably facilitated by John Hancock.

The education workshop session initiated last year was continued with a half-day workshop on risk assessments and how to achieve ALARP levels. The workshop was well attended by a wide range of members.



The networking events proved as popular as ever, with attendees at the golf, geothermal power station visit and lake cruise reporting a thoroughly enjoyable time.

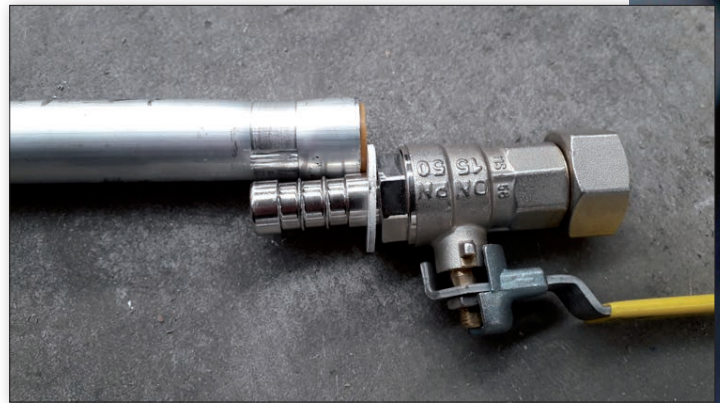
Technical Advisory Group

The Technical Advisory Group (TAG) continued its focus on engineering, quality and safety in the industry, looking at issues ranging from low frequency induced current on metallic pipelines through to gas pipeline signage.

An example of the work completed in 2017 is a review into service riser crimp fitting failures.

The photo below shows a failed crimp fitting due to incorrect joint technique.

The goal of this project was to confirm proprietary fittings used to transition from polyethylene to steel at the termination of service risers, meet the formal safety assessment criteria set out in the standard and are fit for purpose over the projected life of these assets. This included corrosion resistance testing using the ASTM B117 *Salt Spray Fog Test*.



Most tests have been successfully completed, with the remainder scheduled for early 2018.

Another example of projects carried out by the TAG is a review of alternative polyethylene pipe. This project began in response to predicted shortage of yellow PE polymer. The TAG is investigating a proposal put forward by Waters and Farr (PE pipe supplier) to supply black PE pipe with a coloured fused coating. The project includes gathering evidence from other countries where the coated black PE is used and then developing a test plan for the Waters and Farr product.

Distribution and metering industry training – Issues Paper Commissioned

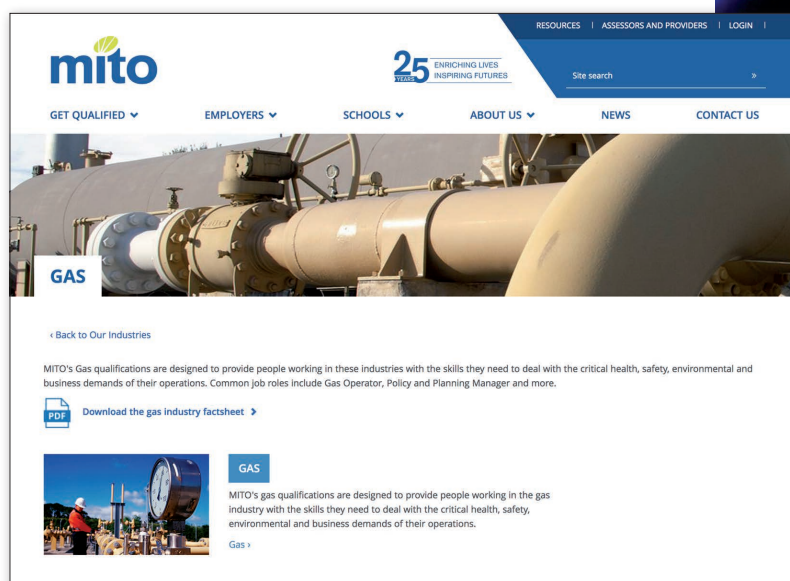
The areas of qualifications, competence and training for Field Personnel in the Gas Industry have reached a position of discord for many industry stakeholders. Through its Gas Training Committee, the Gas Association of New Zealand commissioned Zander Services Ltd to review, assess and report on the current state and consider how the industry may best proceed in the future.

The individual areas of qualifications, training and competence each have current challenges and issues that need to be addressed. The GANZ Certificate of Competence (CoC) framework is central to these issues. Although participation in the scheme is voluntary, the CoC has been instrumental in raising the standard of field work in gas distribution since its inception in 2006. A clear majority of stakeholders consulted as part of this review regard the CoC framework as a good thing for the industry and should be retained.

The gas qualifications across both gas transmission and distribution have undergone a significant review with fifteen qualifications being condensed in to four broader qualifications. The gas industry unit standards have also undergone a significant review and many changes have been made. Before the new qualifications can be used, there is a significant piece of work that needs to be undertaken by MITO in collaboration with the gas industry to develop programmes for the new qualifications to identify which unit standards must be undertaken to achieve the qualifications. Training and assessment material will also need to be developed to deliver this programme.

The paper proposes retaining the CoC framework and revamping it and either creating CoCs that are 'packages' of relevant unit standards, or retaining the requirement for a qualification as a prerequisite. In either case, training and assessment material need to be developed as well as establishing providers of training and assessment.

A review group is being established comprising Asset Owners, the ITO, Service Providers and Training Delivery representations to agree and update the structure of the CoC framework. At the same time, the group will consider what (if any) changes will need to be made to the existing qualifications to align them with the CoC requirements. This work is planned for completion in 2018.



STANDARDS

Industry funding of trans-Tasman Standards a concern

The move by Standards NZ into the Ministry of Business, Innovation and Employment (MBIE) took place just over a year ago.

Standards NZ has agreed with its Australian counterpart to share costs for the commissioning and reviewing of trans-Tasman Standards.

The NZ agency says: “We have agreed on an arrangement where both organisations pay each other commissioning fees for projects where the other holds the Secretariat. The projects require a party who can commit to the commissioning of the project and the funding of the commissioning fees. These fees can be co-funded by several parties.”

We agree that continuing with joint Standards with Australia for gas and LPG makes sense. However, the commissioning fee for amendments and new projects is beginning to cause issues in some areas.

For example, while the joint Standards cited in the Gas Regulations are supported by Energy Safety, funding for other joint Standards projects, such as the proposed amendment to AS/NZS 2885.2 Gas and Liquid petroleum-Welding, had to be provided by the Gas Association and First Gas. This was because WorkSafe NZ would not provide funding.

This does set a concerning trend for industry which could be seen as the funder of the future, and this will require further conversations between industry, Standards New Zealand and regulators.

This issue is very much on our radar.

AG-001 Gas Appliances Committee well worth the effort

The jointing of the Australian gas appliance suite of design Standards remains high on the agenda for the New Zealand gas appliance industry. The Executive Officer is a member of the AG-001 Gas Appliances Committee which oversees the entire suite of appliance-specific Standards.

Four revised Standards were published in the year. They are:

- AS/NZS 5263.1.6 Gas ducted air heaters.
- ASA/NZS 5263.1.8 Decorative gas log and other fuel effect appliances.
- AS/NZS 5263.0 General requirements.
- AS/NZS 5263.1.4 Gas radiant heating.

The Committee has just endorsed a project proposal to revise three further Standards as part of current Gas Standards Restructuring (AS/NZS 5263.1.X Series):

- AS/NZS 5263.1.5, Gas appliances, Part 1.5: Domestic Gas Refrigerators (Revision of AS 4555-2002 (AG105)).
- S/NZS 5263.1.9, Gas appliances, Part 1.9: Gas laundry dryers (Revision of AS 4554-2005).
- AS/NZS 5263.1.60 Gas appliances, Part 1.60: Gas pool heaters (Revision of AS 4560-2004).

This process continues to take a lot of time and effort from the New Zealand representatives who attend the AG-001 Committee and the Sub-committee meetings to consider the specific appliances' Standards. But given the importance of having joint standards which can be used in the certification process by the Australian test laboratories, and the need to produce updated standards in a joint committee setting, this is considered well worth the effort.

The Executive Officer is a member of this Committee.

AG-006 Gas Installation Committee considers a range of substantive issues

The amendments to both parts 1 and 2 of this Standard were approved during the year.

While these amendments are technical and pretty straightforward, they did throw up other issues for the Committee to consider.

A full revision of both parts of the Standard is underway to consider a range of substantive issues raised over the past two years. As a part of this work, a gap analysis is being undertaken between the outcome-based requirements and the means of compliance.

Other issues being considered are:

- A gas compliance plate for caravans and boats.
- A review of the pipe sizing tables.
- Installation of commercial catering equipment.

The Executive Officer is a member of this committee.

BOARD REPRESENTATION

Board elected at the 2017 annual general meeting

First Gas	René D'Ath
GasNet	Geoff Evans
GES	John Swarbrick, replaced by Gregg Brown
Nova	Craig Muirhead
Powerco	Stuart Dickson
Vector	Bill Miller

Chair

Stuart Dickson

MEMBERSHIP OF GANZ

Members

Downer Utilities NZ Ltd
Electrix
First Gas Ltd
Gasnet Ltd
Gas Equipment Supplier (GES)
Nova Energy Ltd
Powerco Ltd
Vector Ltd

Associate Members

Combustion Control Ltd
Custom Controls Ltd
Elliot Scott Ltd
Envirogroup Ltd
Georg Fischer Ltd
NZ Meter NZ Ltd
Lordco CWG (NZ) Ltd
NZ Society of Master Plumbers & Gas
Palmers Plumbing & Heating Ltd
Pennial Jordan & Co Ltd
S I T Gas Controls PTY Ltd
Thomas Plumbing & Gas

Gas Equipment Supplier Members (GES)

Aber Holdings Ltd

Camec Ltd

De Longhi Ltd

ESCEA Ltd

Fisher & Paykel Appliances Ltd

Galpro Stylex Ltd

Glen Dimplex Australasia Ltd

Parmco

Real Fire NZ Ltd

Rheem New Zealand Ltd

Rinnai NZ Ltd

Robert Bosch Ltd (NZ)

Systems Control Engineering Ltd

The Fireplace Ltd

Vapor Gas Equipment



*Gas Association
of New Zealand*