

2018 Annual Report

Gas Association of New Zealand

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

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

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Chair's Report



2018 Annual Report

2018 has been another year dominated by climate change and the transition to a low carbon future. The Government's announcement that it would ban new offshore drilling permits created gas supply concern throughout industry participants and consumers. While intended to signal a reduction of use in fossil fuels in the future, the ban impacted industry confidence and created confusion for gas users, unsure of how long they would be able to use gas.

The year also saw the publication of the Government's Productivity Commission's Low Emissions Economy report, the establishment of the Interim Climate Commission, and commencement of the legislation for the Zero Carbon Act that will set out the requirement for NZ to achieve net zero carbon by 2050.

Key to the Low Emissions Economy report are the following Government actions:

- 1. We stop burning fossil fuels and switch to using electricity and other low-emission energy sources*
- 2. We undertake substantial levels of afforestation*
- 3. We make changes to the structure and methods of agricultural production*

GANZ has had a busy year responding to these events by providing an industry voice to Government Ministers and officials, submitting on relevant consultation documents and providing balanced information for consumers.

While there is a clear need to combat climate change, there is also an important role for gas to play in the decarbonisation of coal and diesel, and for gas to provide the affordable and reliable energy NZ needs to prosper. And at the same time, research and development continues around the work to find ways for gas to transition to a low emissions fuel through options such as hydrogen blending, substitution and biogas.

We have made positive progress in defining the framework and way forward for a new competency system for people to meet the industry's quality and safety standards, but there is a lot of work to complete.

The future for the gas industry is far from certain and the need for its participants to work collectively and cooperatively through GANZ has never been greater.

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

Stuart Dickson



GANZ Chair

Advocacy

Maintaining close ties with the GIC

Andrew Knight has been appointed as the new Chief Executive for the GIC. Previously a GIC director himself, Mr Knight took over the role of Chief Executive from Steve Bielby in March 2018.

Mr Knight is an accountant by trade and has management experience in the energy sector, holding positions with Vector Limited, the NGC Holdings Limited Group of Companies, the Australian Gas Light Company and Fletcher Challenge Energy.



New GIC Chief Executive, Andrew Knight.

Continuing the professional relationship with EECA

The Energy Efficiency and Conservation Authority (EECA) has been an important stakeholder and influencer for our industry. We have always maintained a professional working relationship with the Authority and this has continued under current Chief Executive, Andrew Caseley.

The Executive Director met with Mr Caseley and other staff members during the year to discuss gas and LPG issues of mutual interest, in particular the Concept Consulting report on the “Electricity generation implications of large-scale fuel-switching from gas to electricity” (which is discussed in further detail on page 7).

We believe gas remains an acceptable solution for EECA, as shown by the continuing inclusion of flued gas heaters on their home heating TV adverts and the coverage of gas water heating on their website.



EECA Chief Executive, Andrew Caseley.

New name, same close relationship

The Electricity and Gas Complaints Commissioner Scheme may have been renamed Utilities Disputes, but we have maintained the same ongoing close relationship with this organisation.

Natural gas continues to have a low number of complaints relative to both LPG and Electricity. Following a meeting with the Executive Director, Utilities Disputes agreed to provide comparison statistics.

Example of statistics:

	Nat gas	Cylinder LPG	Electricity
Cases during year	124	219	5241
Query	62	96	3179
Complaint	62	123	2054
level 1	6	5	151
level 2	3	1	102
level 3	2	1	71

Efficiency of gas recognised by the NZ Green Building Council

As we reported last year, the Association contacted the Green Building Council (GBC) regarding its 'Homestar' rating system, which appeared to discourage the use of gas heating for higher-rated "green" homes.

Following discussion with the GBC, this issue was fully resolved, and the GBC amended their guide to accurately reflect the value of gas heating.

This year, they are producing a guide for existing homes called 'HomeFit', an inspection-based assessment of the health, comfort, energy efficiency and safety of a New Zealand home. It covers a range of topics that a panel of experts believes to be essential for a home to be liveable.

HomeFit also includes a higher standard called 'HomeFit PLUS'. This results in a home that is warmer, drier, more comfortable and more energy efficient than HomeFit.

It is pleasing that gas water and space heating are both classed as efficient means of heating for this important benchmarking scheme.



HomeFit Technical Manual



Draft for Public Consultation
Issue Date: 5 December 2017

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Promoting the role of gas in the zero-carbon debate

The Government announcement of the ban of new offshore exploration permits is still impacting the exploration industry, and just as importantly, current and potential gas customers. The call centres of natural gas and LPG distributors and retailers have been dealing with customers concerned about the future availability of gas and whether it is a good idea to use it.

The Association, working with GANZ, has tackled this issue in two ways; meeting with Ministers and officials, and consumer messaging.

Meeting with Ministers and officials:

The most important visit was with the Minister for Climate Change, Hon James Shaw.

In April, representatives of Gas NZ (the Executive Director, the Association President and the GANZ Chair) met with Climate Change Minister, James Shaw, to discuss concerns that the announcement would cause concern for the large number of households and businesses that use gas directly for cooking, water and space heating, and process heating.

However, the Minister assured us the direct use of natural gas and LPG was not something this Government wanted to reduce any time soon. In his view, "Kiwis will be cooking sausages on gas BBQs for a long time to come."

Gas NZ's Briefing to the Incoming Minister noted that natural gas is used by 268,000 consumers in the North Island and LPG by 135,000 fixed customers in both Islands. LPG is also used by a massive number of gas BBQs, cooktops and other appliances throughout the country.

Gas has the lowest carbon emissions of any fossil fuel. Despite its significant market penetration, the direct use of gas by the residential sector produces only 0.75 per cent of New Zealand's total greenhouse gas emissions, and only 4.6 per cent of emissions can be attributed to households and private users.



An under pressure Regional Economic Development Minister Shane Jones as Prime Minister Jacinda Ardern announces the end of oil exploration

Mr Shaw indicated that while his long-term goals are to see New Zealand play its part in the global transition away from using fossil fuels, he understood the value of the direct use of gas for the residential and commercial sector in New Zealand's current energy equation.

He said that although the goal is decarbonisation, there are still several unanswered questions about how that will be achieved. The Government is working on answering those questions as a priority via the new Climate Change Committee, which is looking specifically at the use of fossil fuels in the energy system. In the meantime, there is no need for gas users to be concerned about future supplies of natural gas and LPG.

Although future gas reserves are a concern for the wider gas industry, residential and light commercial/industrial consumers can continue to use gas with confidence, knowing there will be plenty in New Zealand for years to come.

While the Government may have banned new off-shore permits, there are still plenty of existing off- and on-shore prospects, and there is no ban on new on-shore permits.

Meetings were also held with a range of other MPs involved in the energy/environment space. These include:

- Erica Stanford, National MP and member of the environment select committee
- Johnathon Young, National MP, chair of the economic development select committee
- Scott Simpson, National MP and environment spokesperson
- Poto Williams, Labour MP and member of the environment select committee
- Deborah Russell, Labour MP and chair of the environment select committee
- Gareth Hughes Green MP Energy spokesperson

These meetings were designed to brief the MPs on the role gas plays in New Zealand's energy equation, as well as the size of the gas market and the impacts, both in terms of energy supply and energy cost, of making people change from the direct use of gas to electricity.

As mentioned earlier, the Executive Director also had meetings with EECA, the Ministry for the Environment (MfE) and the Ministry of Business, Innovation and Employment (MBIE).

These meetings discussed the role of gas in a net zero-carbon world and presented the Concept Consulting report. The officials were very receptive to the report, as it was timely, factual, and a unique piece of work that had not been carried out anywhere else (see below).

Report on electricity generation implications of large-scale fuel-switching from gas to electricity.

GANZ and the LPGA commissioned this report to provide independent information on the importance of gas to the New Zealand energy system and the effect of replacing it with electricity.

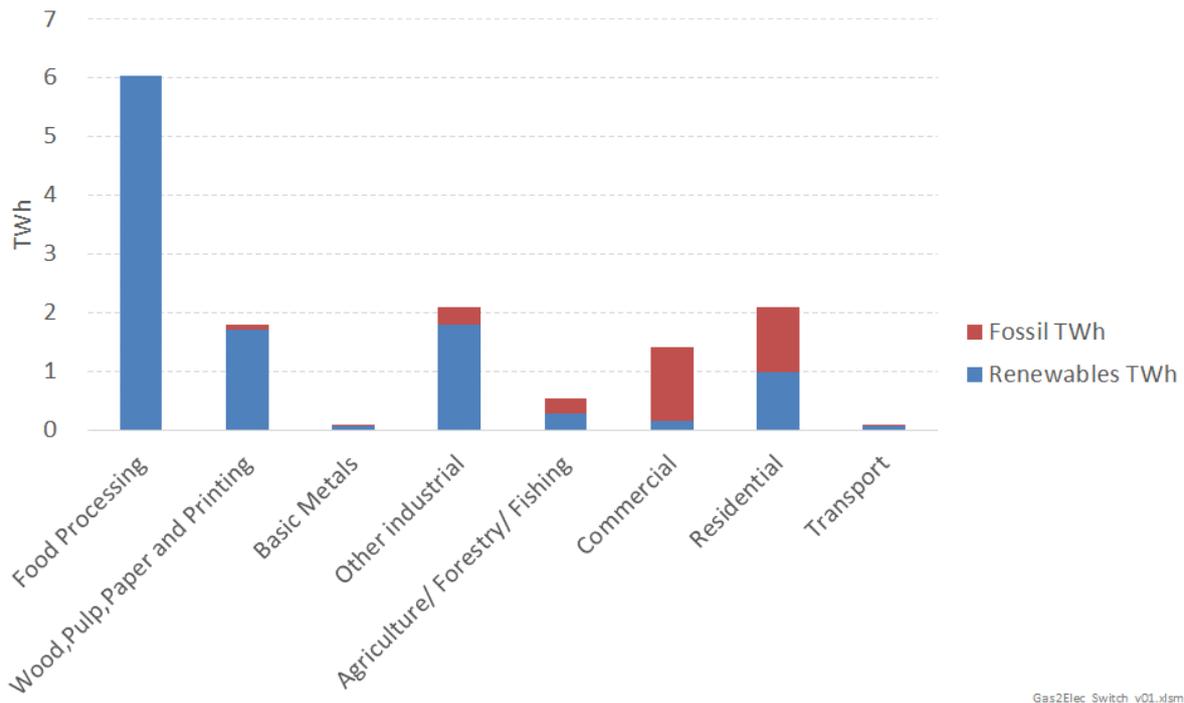
According to the report, a total of 54 petajoules (PJ) of gas (45 PJ natural gas, nine PJ LPG) were consumed by direct users in 2017.

Concept analysed the amount of electricity generation that would be required if this demand for energy was to be replaced by electricity. In total, Concept estimated 14.2 TWh of additional generation would be required if today's existing direct users of gas switched to electricity.

Concept also considered the feasibility of this transition for the years leading up to 2050, with the Government's aim to reduce our emissions to net zero by 2050. The results showed this transition could be biting off more than New Zealand can chew.

If New Zealand wishes to completely transition away from petrol or diesel for transport, coal for industrial process heat and gas for process-space-and-water heating, the amount of new renewable generation required would be approximately double the annual electricity demand.

Based on this analysis, it will be a challenge to achieve fuel switching of the scale indicated by 2050.



Given this observation, the report recommends that New Zealand should prioritise the sections of the economy it should de-carbonise, by focussing on those which are likely to have the largest carbon savings per unit of cost.

In this respect, it is considered that the merit order of options (from most economic to least economic) is broadly:

- Transitioning our transport fleet to EVs
- Displacing existing baseload gas-fired electricity generation
- Displacing coal-fired process heat
- Displacing existing direct-uses of gas

The report also pointed out that actions which result in ‘early’ fuel-switching from gas to electricity will not just be relatively costly, but could likely result in higher emissions by slowing the rate of fuel switching that would otherwise be possible from de-carbonising our more emissions-intensive coal and oil-based energy uses.

Liaising with officials a key workstream

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

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

Key contact is with representatives of MBIE (various sections such as Energy, Building and Construction, and Trade Measurement) MfE, the GIC, EECA, Environmental Protection Authority (EPA), WorkSafe NZ, Ministry of Transport and Utility Disputes.

Apart from the issue of gas in a net zero-carbon world, issues discussed were:

- The review of the funding model for NZ Standards
- The RMA changes and communicating this to Local Authorities

Contact with other key non-government stakeholders, such as the Plumbers, Gasfitters and Drainlayers (PG&D) Board, Master Plumbers NZ, Petroleum Exploration and Production New Zealand (PEPANZ), the Electricity Engineers Association (EEA) and the Electricity Network Association (ENA) also plays an important role in information sharing and co-operation.

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

Regulations

This work stream is constantly busy and 2017 was no exception on the regulatory/operational environment front. The Association played a significant role in several standards, and the implementation of new regulations, working with WorkSafe NZ to solve a number of issues.

These regulations and standards are:

- Health and Safety at Work (Hazardous Substances) Regulations 2017
- EPA Notice for Hazardous Property Controls
- AS/NZS 5601.1 and 2 Gas installations
- Several gas appliance design standards in the AS/NZS 5260 series
- AS/NZS 4645 Gas Distribution Networks
- Review of the Plumbers Gasfitters and Drainlayers Act

Communications

Joint GANZ, LPGA and Beauty of Gas website reaching the two year mark

The joint GANZ/LPGA and Beauty of Gas website (gasnz.org.nz) was launched nearly two years ago, as an effective resource and a one-stop portal for those seeking information about gas.

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

The GasNZ banner has also formed the joint face of GANZ and the LPGA when interacting with government and officials on wider “gas” issues.



The Executive Director has two business cards; one for use on LPG Association business and the other a GasNZ business card used when representing both Associations. This has worked very well, and the MPs and officials visited under the GasNZ banner understand and appreciate the common approach of the two industries.

The two Associations agree common messages, collateral and approaches, and this makes our advocacy more effective.

The number of users of the GasNZ website has also increased, and since the optimisation carried out last year, the numbers now stand at 9,113 users, up from 2,400 prior to the optimisation.



The optimisation of the Beauty of Gas website

As part of our ongoing desire to improve consumer information, GANZ and the LPGA agreed to co-fund a digital media-based campaign. The campaign had two elements:

- Developing a Search Engine Marketing (SEM) strategy for The Beauty of Gas to help reach the target of 5,000 visitors per quarter to the website. The strategy included a proposed approach as well as proposed AdWords (Google Search Ads) and optimisation.
- Developing a Social Media Marketing strategy for The Beauty of Gas to help reach the target of 5,000 visitors per quarter to the website. The strategy included the development of an editorial plan, a posting calendar, crafting the posts (image and copy), page management and reporting.

The website has become more like a blog and the campaign’s social media interaction is designed to encourage two-way communication between the industry and the consumer. It also emphasises the efficiencies that are associated with gas.

The results from the campaign are impressive.

Campaign Overview

The full campaign strategy, including blog material, commenced on 29 March 2018, and the campaign went live on 1 September 2018. To date, the campaign has demonstrated there is an audience for this type of content, with the results in this report highlighting the effectiveness of relevant blog content.

After experiencing the regular growth, in early July we experimented with turning off some of the blog content to see if it had an impact on the site performance. The drop off was significant. We turned everything back on in the last week of July and the response was immediate, as shown below.

The original target set for the campaign was 5,000 sessions per quarter. The campaign has achieved 29,000 sessions over eleven months with the blog info not kicking in until January 2018, plus over 4,000 blog sessions which are not reported through Google.



The steering committee will be meeting to review the effectiveness of the campaign and make decisions on future directions, as well as how this integrates with the proposed customer information campaign on gas in a net zero-carbon world.

We are also about to update the website to present a more modern, clean look which is equally as good on a mobile device (see below).



GAS IS GORGEOUS

Gas heats your home quickly and beautifully
Gas is a low carbon option for heating your home and your water
You never, ever, run out of hot water
Gas is cheaper than most other forms of power



See what customers have to say about the beauty of gas

TESTIMONIALS

PHILLIPA

"Thank you sooooo much!!! Our lovely new gas fire was installed last week and is absolutely awesome!! We now have a lovely toasty warm home-it has made such a huge difference, we are now living in warmth, comfort and happiness."



GABRIEL

"With three boys we really need an endless supply of hot water for showers and our new gas continuous flow hot water system gives us just that!"



THE BENEFITS SWITCHING TO GAS



Hear Kate's Story

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[SEE MORE](#)

Addressing consumer concerns around the Government ban on new offshore exploration permits

GasNZ has been exploring methods to address consumers' concerns and reassure them that gas is still a great option for their household needs, and for many years to come.

Gas NZ has been actively meeting with relevant MPs and officials to get to the crux of the situation, and to advocate for gas and the many benefits it has, both environmentally and economically.

We are also working with our media strategists to find the best method of getting the gas message across, through social media and the Beauty of Gas website.

A list of Q&As covering this issue has been placed on the GasNZ website and a project is underway to present this information in a more effective way through animation. Once this has been finished the next step is to explore ways of getting people to the animation and information.

This is a priority for both GANZ and the LPGA as it is recognised that any consumer flight from gas may potentially be far more damaging than any actual Government intervention.

2017 Gas Industry Forum another ‘best yet’

The 2017 GasNZ Forum, held in early November 2017, saw the biggest turn out to date, with 135 guests.

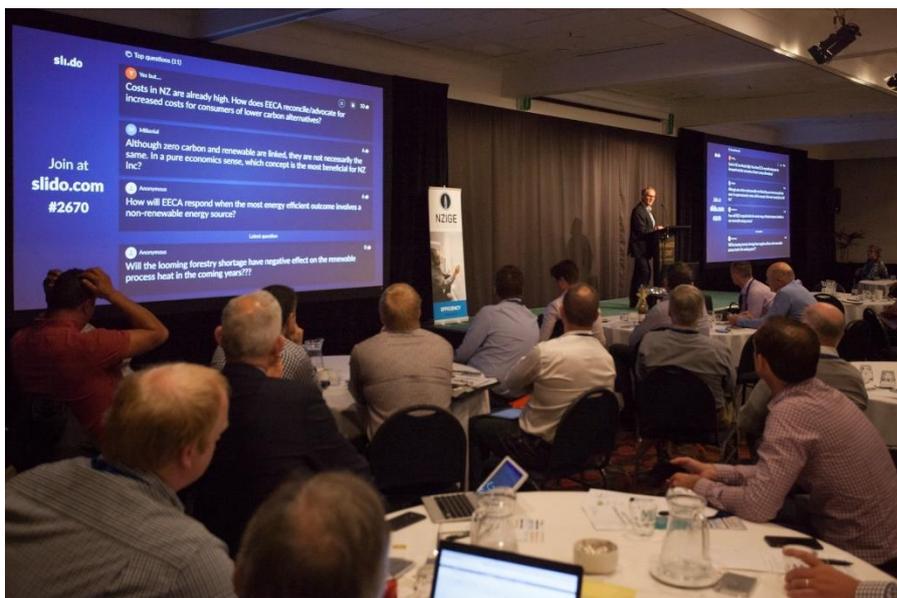
The Forum was held from 7-9 November, and included an array of high value presentations and workshops. Not only does the number of delegates keep increasing, but the nature and type of presentations gets more interesting and insightful.

The Forum focussed on where the direct use of gas sits on the policymakers’ radar and how gas can be positioned as a lower carbon energy option for the country in coming years.

For the first time, the Forum included a panel debate on the future of gas in New Zealand. The delegate feedback on the panel discussion was excellent and a debate may feature in the 2018 Forum, albeit on a slightly different question.

These are the kinds of debates industry must have and the Forum is the right venue to start these kinds of discussions.

We were absolutely thrilled with the turn out for the 2017 Forum. The whole debate around how we use gas in our economy is gaining increasing traction and we hope there will be even more people attending this year to continue the discussion.



2017 Gas and electricity safety campaign promoting safer New Zealand homes

The Association collaborated with WorkSafe NZ on the content of the Energy Safety campaigns and supplying prizes for competitions. These were BBQs for the summer campaign and iPads for the winter campaigns.

The goal of the campaigns was to raise awareness of the risks of using electricity and gas inappropriately, to save lives and to prevent injury and harm. The campaign sought to highlight multiple summer and winter orientated risks associated with the use of gas and electricity, and consequently, increase awareness and change behaviours around these.

Claude the Cat once again played a major role. Other assets for the campaigns have included a strong social media presence, videos on each of the risks, radio advertisements, online advertising and out-of-home advertising.



The winter campaigns focused on:

- Using an LPG cabinet heater safely
- Installing gas appliances safely
- What to do if you smell gas
- Appropriate power board usage
- Using electric blankets safely
- How to identify loose connections

The summer campaign focused on:

- Gas safety in caravans
- Gas safety when camping
- Looking out for powerlines
- RCD safety
- Battery use and charging
- Buying electrical products online
- Checking your LPG connections for leaks

The campaign was successful in increasing understanding of risks in this sector and the campaign is having a tangible impact on those who see it. The understanding of risks increases the more people are exposed to the campaign.

Operations

Technical Advisory Group and Gas Training Committee

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. A number of projects were progressed during the year including:

- **Assessment methodology for low frequency induced current on metallic pipelines.** This research resulted in a toolkit being developed for pipeline owners to assist in assessing risk levels and associated remediation.
- **Mechanical fittings on PE pipe:** This project team undertook a study and test programme of crimp tools and fittings for PE risers, riser size, and corrosion. Testing is mainly now complete, and a report will be generated once this has been completed.
- **Gas pipeline signage:** Looking at standardisation across the industry and ensuring compliance
- **PE pipeline material and colour:** Ensuring standardisation, industry compliance and cost effectiveness through consistency and the ability to use more cost-effective product.
- **Exposure to Gas:** An ongoing project is researching the implications on personnel to long-term exposure to natural gas and associated chemistry.

The current work programme for the TAG committee includes completion of the above projects and a focus on:

- **Pre 85 PE pipe** which is an international issue where brittle failure mechanisms have been identified.
- **PE pipe squeeze off repair options** which has been identified as one of the main contributing factors to the Pre 85 pipe cracking, and has been documented as a requirement in the current version of the pipeline suite of standards, AS/NZS4645.

Through its Gas Training Committee, and consultant Zander Services Ltd, a new Competency Protocol was drafted. The committee is continuing to develop the protocol and align to the qualifications framework.

A significant amount of work will be needed in 2019 to finalise the Competency Protocol and develop the associated training and assessment material and set up administration and governance arrangements.

Standards

1. Industry funding of trans-Tasman Standards an ongoing concern

The commissioning fees for joint Standards with Australia has continued to cause problems across New Zealand's gas industry. The Association has not yet faced this issue directly as all the Standards in the Gas Regulations are covered by Energy Safety/WorkSafe NZ.

MBIE is currently undertaking a review of how Standards NZ is funded, with the commissioning fees for joint Australian Standards a major focus.

Continuing industry support is vital, as AS/NZS1596 2014 has already featured prominently this year as a means of compliance with sections of the HS Regulations.

AG-001 Gas Appliances Committee well worth the effort

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

Four new Standards in the AS/NZS 5263 series are ongoing. They are:

- AS/NZS 5263.1.5, Gas appliances, Part 1.5: Domestic Gas Refrigerators (Revision of AS 4555-2002 (AG105))
- AS/NZS 5263.1.9, Gas appliances, Part 1.9: Gas laundry dryers (Revision of AS 455 4-2005)
- AS/NZS 5263.1.60 Gas appliances, Part 1. 60: Gas pool heaters (Revision of AS 4560-2004)
- AS/NZS 5263 Gas appliances Part 1.11: Small gas engine driven appliances

There are also revisions of six AS/NZS 5263 series Standards which commenced early 2018.

AS/NZS 5263 parts:

- Domestic gas cookers
- Gas Fired water heaters
- Gas Space heaters
- 1.7 Domestic outdoor gas BBQs
- 1.6 Gas Ducted air heaters
- 1.8 Decorative gas log and other fuel effect appliances

This process takes 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. However, given the importance of having joint standards to 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 worthy of the effort.

The Executive Director is a member of this Committee.

Review of AS/NZS 4645 Gas distribution systems

A full review of this Standard, which covers both natural gas and LPG distribution systems, was completed and published this year.

The issues for review were:

- Ensuring the safe design and operation of customer metering equipment
- The practicality of increasing operating pressure in existing pipe systems
- Improving the risk assessment process
- Incorporating lessons from the Western Australian incident, with respect to leakage management

The Australian Chair of the review committee commented that the benefit of a joint standard is it allows Australian and New Zealand representatives to collaborate and to learn from one another's experiences.

Board representation

Board elected at the 2018 annual general meeting

First Gas	René D’Ath
GasNet	Geoff Evans
GES	Gregg Brown
Nova	Craig Muirhead
Powerco	Stuart Dickson
Vector	Peter Thorley
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

Palmer's 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