

## **Submission on the Crown Minerals (Petroleum) Act Amendment Bill.**

On Behalf of the LPG Association of New Zealand.

The LPG Association represents companies involved in the LPG supply and distribution Industry, as well as the LPG appliance and installation industry. There are over 150,000 LPG users in NZ ranging from residential customers, small and medium businesses, right through to large commercial and industrial users.

LPG is a lower carbon fuel than other fossil fuel alternatives, it produces 35% less CO<sub>2</sub>/unit of energy than coal.

The Association broadly supports the goal of achieving net zero carbon by 2050.

However, it does have concerns with the potential impacts of the proposed changes and how they may impact on customers that are already using LPG or may be looking to use LPG appliances as we transition to a 'low emissions economy' by 2050.

We believe that the transition to a de-carbonised economy needs to be carefully managed not only to maximise potential carbon emissions reductions, but also to manage any impacts on consumers both residential and commercial.

LPG is used by a large number of NZ consumers and business and is:

- A cost-effective fuel for both space and water heating.
- A key fuel for businesses to replace higher carbon footprint fuels (e.g. diesel and coal burners) as they transition towards a lower carbon footprint

Without careful analysis by both the Government and Industry, resulting in a clear and considered transition plan, there are a number of risks that could result:

- Consumers are confused by messaging around “reducing gas exploration permits” and “fuel availability in the medium-term future” which may impact their fuel choice and result in forgoing the many benefits of the direct use of LPG.
- Losing the opportunity to reduce carbon emissions now if businesses choose to stay with higher carbon fuels, as they wait for newer technologies to be developed and scaled., because of concern they won't achieve a return on investment by replacement with LPG equipment.
- LPG pricing ceasing to be cost effective so it is less able to play its part in the transition, with local gas reserves currently being forecast only to the 2030's.
- In LPG becoming predominantly imported rather than locally produced which would have an impact on NZ's security of supply independence until new technologies are developed and scaled closer to 2050.

In a report commissioned by the LPG and Gas Associations, Concept Consulting considered the impacts of switching gas and LPG consumers to electricity. Their report found that:

*In total, it is estimated that 14.2 TWh of additional generation would be required if today's existing direct users of gas were to switch to electricity (excluding those direct users for whom electricity is not feasible). It is estimated that 11.2 TWh would come from renewable generation and 3 TWh from increased fossil-fuelled generation. The relatively high proportion of space heating demand drives the need for peaking fossil-fuelled generation to meet much of the demand for commercial and residential consumers.*

*The report also stated that New Zealand should prioritise the sections of the economy which it should de-carbonise, by focussing on those which are likely to yield 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 LPGA recommends that Government and Industry work together to ensure the negative unintended consequences for consumers that could result from the Crown Minerals Amendment bill, are managed and limited. LPG is a relatively low carbon fuel and has a critical role to play in NZ's transition to a low emissions economy.

The Association does not wish to attend the hearings process.

Peter Gilbert  
**Executive Director**  
**LPG Association.**