



Submissions for

Proposal to Mandate the Energy Performance of Gas Water Heaters:

Consultation Cost Benefit Analysis

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Table of Contents

1. Introduction 3

2. Background..... 3

3. Points of Consideration 3

4. Summary 5

1. Introduction

- 1.1 The Gas Association of New Zealand (Inc) - GANZ - would like to thank Energy Efficiency & Conservation Authority (EECA) for the invitation to submit to its Consultation on the Cost benefit Analysis - Proposal to Mandate Energy Performance of Gas Water Heaters dated 27 June 2007. Under the circumstances the extension of time granted was much appreciated.
- 1.2 Its members operate 11,000 km of pipelines, supply more than 260,000 consumers and directly employ more than 800 people. Some of the members have gas LPG reticulation interests in the South Island.
- 1.3 The Association's Gas Equipment Suppliers (GES) group is significant. It caters for companies supplying natural gas and LPG appliances in both fixed installations within property boundaries - "buildings and houses" - and mobile installations, such as caravans, motor homes and boats.
- 1.4 GANZ would like to take the opportunity to also thank EECA for providing an overview to the industry - the Gas Equipment Suppliers (GES) membership in Auckland in July. Further to that meeting and as agreed by the GES members the specifics around the performance requirements design and related technical matters will be addressed by the members separately. GANZ comments therefore are mainly focused on higher level observations for consideration within the consultation process and wider related items as they might affect other complementary legislation and/or TTMRA objectives.

2. Background

- 2.1 The GANZ supports the principles of Minimum Energy Performance Standards, in particularly the first as being addressed for this submission for gas hot water appliances. Its support is conditional upon the cost-benefit analysis outcome supporting the adoption and mandating of the standard.
- 2.2 The GANZ has been involved with TTMRA initiatives extensively over the previous decade. This involvement has predominantly been related to gas safety matters. It has, however, in more recent years participated in the efficiency discussions which bring about this standard and the potential for harmonisation with Australia.
- 2.3 In being harmonised and/or mutually recognising Australian standards, the GANZ would express some caution as to whether the benefits are always realised and whether at times such standards become non-tariff barriers to other options from other trading partners.

3. Points of Consideration

- 3.1 MEPS Standard AS 4552 is being created: this should become a NZ - Joint Standard and that matter taken up by GANZ & EECA with SNZ. It would be counter-productive and an increased cost to have multiple standards addressing an appliance design.
- 3.2 What relationship will that Standard have with NZS 5262? Referring to 3.1 above NZS 5262 is currently the essential safety requirements and thus should be amended to become the "essential requirements" now including statements around efficiency objectives. AS 4552 would therefore be referenced in this standard.

- 3.3 Funding for that Standards work to be addressed. Currently the only means of central funding to create standards is via the gas levy which can only be applied for safety orientated standards. Funds should be set aside via EECA to allow industry to participate as required in creating a standard suitable for New Zealand and/or any harmonisation with Australia.
- 3.4 Appliance manufacturers and related supply chain stakeholders prefer a single “compliance process” hub, point of data processing and management - and encourage the respective regulatory jurisdictions (ES & EECA) to address and resolve this in consultation with GANZ. It is suggested that the appliance self-declaration process which will be mutually recognised under TTMRA be used by EECA either directly or seamlessly such that duplicate processes are avoided which only add to the cost of compliance and regulatory duplication.
- 3.5 Where possible a single NZS needs to address the entirety of minimum regulatory compliance requirements for appliances - a type of appliance. This also relates to NZ industry - legislative standards policy and NZ E-business strategy. This is urgent and need not wait on the other aspects of the MEPS project.
- 3.6 How aligned - gap between the proposed MEPS and international best practice equivalents? The GANZ would question whether the MEPS suggested is in fact aligned and a cost-effective solution compared to what may be available as a standard in the international market. With a majority of appliances being imported and not necessarily having to meet an Australian standard, what penalty may be created for small quantities to suit the New Zealand market?
- 3.7 LPG offers potential problems due to its inconsistent delivery spec; propane or butane, or mix?
- 3.8 Who and where can compliance tests be undertaken? It will be important for New Zealand to have a New Zealand based accredited test facility. This is being addressed by MED / Energy Safety and EECA should liaise with them accordingly.
- 3.9 Integrating the MEPS into appliance design, model testing, production and compliance of design may require a longer window than 2008. A sensible transition period and the ability to consumer existing stock prior to imposing this requirement needs to be considered.
- 3.10 What impact on those designing and importing products? NZ is a very small consumer, with international manufacturers potentially refusing to “adjust” a production run spec just for NZ. Industry statistics need to be obtained to assess this.
- 3.11 Lack of appliance data is critical - EECA and GANZ to work on this. It is similar to other areas needing such data for better decision making and it is suggested therefore that the gas certificate be used for this purpose.
- 3.12 No labelling - this may be counter-productive. For safety compliance industry considering self-labelling. It seems logical to integrate total “compliance” into a single label?
- 3.13 Current 5 Star Ratings aligns with MEPS? (e.g. 4, 5 or even 6, or no relationship, totally new?)
- 3.14 Gas Act and EEC Act should cross-refer on NZ compliance needs.

- 3.15 Why not place the Efficiency objective on the property, under Dept B & H and allow solution providers to “mix and match” compliance solutions to an aggregated outcome.
- 3.16 Potential to see some companies unable to meet the Warranty - commitments as replacement product would be prohibited from sale.
- 3.17 Change out requirements for NZ may not be cost effective, and how would that installation be refitted for the “New” product. This may become counter-productive.
- 3.18 Is the NZ market of sufficient size to warrant this initiative given that it will be affected by attrition?
- 3.19 CBA could also consider real estate value for apartments; where GiWH would displace a GsWH footprint of about 1m², valued at between \$5,000 - \$10,000 per m²
- 3.20 If MEPS compliance is not integrated with safety compliance the regulatory compliance regime costs could be disproportionate - full life cycle - to the regulated benefits?
- 3.21 Retrofit and maintenance, from a logistics and competency impact, needs attention as it dovetails into property efficiency rating. This is pertinent to the current PG & D Board submission paper of CBL and categories thereof.

4. Summary

- 4.1 The GANZ - GES Group support the initiative. However, in considering the cost-benefit analysis it raises the preceding items for consideration. Overall the industry wishes to ensure that wherever possible the inter-relationships across energy efficiency and other regulated outcomes, such as safety, are able to be accessed simply by those parties affected by these requirements. In some form that may require the integration via E-Business solutions to ensure the respective information data-bases and/or the compliance assurance processes are consistent and deliver cost-effective regulation.
- 4.2 It would again like to thank EECA for the extension of time to make this response.



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