

Govt. energy strategy recognises role for LPG

The Government's draft energy strategy has 'recognised' the role LPG could play in New Zealand's energy policy.

Released in early December, the New Zealand Energy Strategy outlines the medium and long-term decisions that will shape New Zealand's energy future.

It will be open for public consultation until 30 March, 2007.

LPG Association President, John Cumming, welcomed the Government's endorsement of LPG in both the automotive and non-auto sectors (see side panel).

"We will wait with interest to see what action Government intends to take to optimise the use of this resource while it also seeks to encourage other fuel options."

John said New Zealand had access to plentiful supplies of LPG and more

DRAFT ENERGY STRATEGY COMMENT

AUTOMOTIVE:
"LPG is a reasonably efficient, clean-burning fuel. While some of the advantages of greater use of LPG are from a diversity and security perspective, there are also some modest gains in reducing greenhouse gas emissions. As most LPG is sourced from New Zealand there may be the potential to increase the amount of LPG that is used by the transport fleet."
Action: The government recognises the contribution that biofuels, electricity and LPG can make to improving energy security for the transport sector.

NON-AUTO:
"An increase in the direct use of gas may provide both security of supply and climate change benefits. Switching to direct use for space heating can reduce electricity demand, particularly at peak times, reducing pressure on the electricity system. There may be fewer greenhouse gas emissions if gas is used directly to provide heat than if electricity is generated from gas or coal-fired power stations."

big domestic production fields, such as Kupe, are being developed.

"There are a number of advantages to increasing New Zealand's use of LPG, possibly as part of strategic fuel switching initiatives, including climate change benefits, energy efficiency and security of supply and cost reductions.

"And in the transport sector, automotive LPG is the only readily available option to help reduce vehicle emissions here and now.

"We will wait with interest to see what action Government intends to take to optimise the use of this resource ..."

"The Australian Government recognises LPG's value as a transport fuel and has already acted decisively to promote it in the market.

"While we are not advocating subsidies to encourage LPG use, we do believe the Government needs to elevate its promotion of the fuel alongside that of biofuels and electricity."



LPGA gets runs on the policy board in 2006:

Conference address by President, John Cumming

Not since the days of Think Big – over 30 years ago – has so much focus been put on energy policy in New Zealand.

This policy environment creates opportunities for the LPG industry. The challenge for the LPG Association is to get our message across in the ongoing debate that is often the domain of the ‘big players’.

While we are a relatively small player, we have had wins that have seen us punch well above our weight.

The Association helped to persuade the Electricity Commission to include LPG and direct use of natural gas in a key national study into improving New Zealand’s electricity efficiency. We were not on the agenda initially.

We are still awaiting the findings of that study but it could have major impacts for fuel switching to gas as a load displacement strategy.

We can also claim a particular success from our efforts to have a grandfathering clause included in the HSNO Regulations - this had a hugely significant cost saving benefit for over 200 bulk vessel installations that haven’t had to upgrade their LPG installations to meet new HSNO regulations.

In addition, LPGA efforts



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encouraged ERMA to extend to three years the maximum licensing period for cylinder installations below 300kg. Although not exactly the outcome the Association wanted, the move will also

have huge savings implications for consumers.

With those wins on the board, the key challenges now facing the LPGA are influencing government policy, gaining awareness and position, and resolving other regulatory issues.

We need to think carefully about what, when and how we deliver our messages, and to whom.

And we need to remain focused on our priorities and think carefully about how we use our quite scarce communications and lobbying resources to achieve them.

This will require us to be skilful in our engagement with Government and influential stakeholders.

It will necessitate building relationships and ensuring we are in the frame early on when key issues are emerging.

It will also mean building the Association’s profile as an authoritative and credible ‘player’. This will underpin and add value to the marketing work of industry members and reinforce key messages.

These are the challenges facing us in the new year, and I have full confidence the Association is up to the task.

LPG demand up again in buoyant market

New Zealand now uses just on 180,000 tonnes of LPG pa, up almost 20,000 tonnes over the last 12 months, according to LPGA Association President, John Cumming.

Speaking at the recent LPG industry conference, John said a cold and sustained winter had increased demand for LPG heating applications.

The 45kg, 9kg and reticulated

sectors all grew significantly due to both increased demand from existing customers and valuable growth in new connections among residential and commercial users.

The automotive market also demonstrated strong growth over the year, supported by high petrol prices and ongoing uptake in new dedicated LPG vehicles and conversions.

John stressed there is plenty of

LPG available to cater for growing demand.

“While LPG production from existing suppliers is reducing, there are ample supplies of LPG and shipping available in our immediate trading region.

“We can have absolute confidence imports will meet the domestic shortfall until new fields like Kupe comes on stream.”

New gas and electricity laws get green light

Parliament passed legislation late last year that will ensure the safe delivery and use of electricity and gas in New Zealand. Amendments to the Electricity Act 1992 and Gas Act 1992, and a new Plumbers, Gasfitters and Drainlayers Act were passed in November 2006.

“This legislation introduces consistent regimes for workers in the gas and electricity sectors based on the registration of workers, competency-based licensing, updated procedures for addressing complaints against workers and updated enforcement provisions,” said Associate Energy Minister, Harry Duynhoven.

“The Electrical Workers Registration Board and the Plumbers, Gasfitters and Drainlayers Board will play critical roles in the successful implementation of this legislation. They have been delegated the responsibility for the registration and licensing of their workers.”

The legislation includes a number of checks and balances to ensure these responsibilities are properly discharged.

Both Boards can now work on defining new registration categories and standards, and the terms and conditions of registration and

licensing.

The new Plumbers, Gasfitters and Drainlayers Act also puts in place a range of accountability mechanisms to ensure there is not a repeat of the problems that came to light recently between the Plumbers, Gasfitters and Drainlayers Board and its industry, the Minister said.

“It was pleasing to hear in the debate in the House that all political parties recognise the important contribution that the plumbing, drainlaying, gasfitting and electrical industries make to the economic and social well being of New Zealand,” Harry Duynhoven said.

The new legislation also includes a



Associate Energy Minister, Harry Duynhoven.

new definition of gasfitting that covers all fixed LPG installations, regardless of the size of the LPG storage. It also covers LPG installations in caravans and boats.

“It was pleasing to hear in ... the House that all political parties recognise the important contribution the plumbing, drainlaying, gasfitting ... industries make to the economic and social well being of New Zealand.”

LPG good value for money, says MTA

Training new technicians in LPG systems and keeping members abreast of new developments and equipment issues are important issues for the MTA, said the Chair of the organisation’s Alternative Fuels Committee, Grant Miller.

The MTA’s alternative fuels committee is responsible for research, education, advocacy and for lobbying Government on alternative transport fuels’ issues.

Speaking at the recent LPG industry conference, Grant said the MTA is actively focused on developing and upskilling LPG installers, and it is

compiling a national database of approved installers. It is also developing a suite of installation standards, working with LTNZ.

“There are other ‘alternative’ transport fuels being developed, such as biofuels and hydrogen, but they are still some way off being commercially viable,” Grant said.

“LPG is a ‘here and now fuel’. It’s currently the only viable alternative and it’s good value for money for fleets and owners of larger, higher mileage vehicles.

“The MTA is keen to ensure a viable and quality-conscious LPG

conversion and LPG servicing industry.”

Grant said the Australian Government has recognised LPG’s potential, both as a cleaner-burning transport fuel and as an option to help motorists to control transport costs.

“The MTA supports the LPGA’s assertion that our Government should do more to encourage the fuel’s use on this side of the Tasman.”



Safety the key at new Wiri LPG depot

Vector's new northern cylinder filling and distribution centre at Wiri in South Auckland was opened on October 28.

Michael Cummings, Divisional Chief Executive of Vector Gas, says the centre has been designed to the latest New Zealand and international standards, and will be a highly productive operation for the company.

“At its peak capacity, the Wiri facility will have the ability to dispense up to 10 times more LPG product per year than the current facility at Carbine Road, which it replaces.”

In designing the plant, Michael says health and safety was top priority.

The plant draws on LPG directly from the current Liquigas infrastructure, removing the need to transport the product by road tanker to the filling site.

The plant has been designed with the latest equipment to reduce the amount of manual handling to a low level.

Further innovations to assist in the removal of manual handling issues are going through a period of evaluation



with a view to introducing them in the near future. As part of the design, there has also been a total change in approach to how cylinder filling activities are carried out to ensure a highly productive, safe operation.

The LPG plant is located on a vacant section of land within the Liquigas terminal where LPG product is piped in from shipping terminals through a distribution network.

On Gas has negotiated a supply agreement with Liquigas to supply product from its bulk storage into the On Gas facility making use of the current plant infrastructure.

Avoiding the spray L-R; Alastair Pollock, Bishwar Prasad, Peter Hazledine, Andrew Broadhurst, Derek McInerney and Michael Cummings.



Lines company backs LPG use

LPG can mitigate the cost to the economy of transmission and network upgrades, help commercial customers to manage electricity spot price risks, and be a strong contributor to New Zealand's security of energy supply.

That was the compelling message from Rob Jamieson from South Island lines company, Orion.

Orion services 180,000 customer connections with a maximum network demand of 592 megawatts (MW). Its network comprises 13,750 kilometres of lines and cables with an asset value of approximately \$725 million.

“We consider there to be multiple roles for LPG in terms of contributing to electricity demand management,” Rob told delegates at the LPGA conference.

“It enhances security of supply, it can be used to address network and transmission seasonal peaks, mitigate high electricity spot prices and smooth out interruptions to supply.”

Rob said Orion provides a 10 minute warning of an impending ‘control period’. Switching water heating to LPG is one of the options major customers take in these

circumstances.

He also cited examples of lower electricity prices (up to 30% lower) that have been charged with just a 5% reduction in electricity demand – something that can be achieved with additional LPG use.

He also cited South Africa as a jurisdiction in which Government is actively encouraging LPG use as part of demand management measures designed to control electricity consumption.

In Western Province, 20,000 houses have already swapped to LPG for domestic cooking and heating. This has provided the equivalent of 50MW of demand. Households are trading-in electric hobs, stoves, heaters for subsidised LPG appliances.

“Gas Line” is published four times a year by Daniel Paul Associates for the LPG Association of NZ Inc. The views expressed in this publication are not necessarily those of the LPGA. The LPGA can be contacted on tel. 04/473-9519, fax 04/472-8639, PO Box 1776, WELLINGTON.