GREYMOUTH GAS

12 December 2022

Electricity Authority ("EA")

Dear Authority,

RE: Promoting competition in the wholesale electricity market in the transition toward 100% renewable electricity ("paper")

Greymouth Gas New Zealand Limited ("Greymouth") has approximately 15% market share in the natural gas market, and its affiliates own and operate the Turangi field which is significant in terms of its 2P remaining reserves (for oil and gas) as at 1.1.22. While Greymouth is not an electricity industry participant, it submits on the EA's paper on three matters.

Speed

First, the EA suggests that MBIE should bring forward the completion of the Gas Transition Plan ("GTP") (amongst other things). Greymouth and many others have been working with the Gas Industry Company ("GIC") on parts of the GTP. Given the GTP's complexities and system interdependencies, Greymouth does not consider that the GTP work could progress faster than it is currently without compromising content and quality.

Gas Contracts

Second, the EA suggests that MBIE should amend electricity codes and legislation to allow access to gas contract information. That is bizarre, e.g.: A – gas industry participants are participants in the gas industry not the electricity industry. B – reversing that would blur energy boundaries and delay gas transition and decarbonisation policy momentum. C – it would add bureaucracy to gas industry participants who would rather work on decarbonisation initiatives and/or normal operations that provide NZ Inc. with energy for a smooth transition. D – it is not acceptable commercial practice for key contractual terms to be published for the benefit of other industries when that might also have unintended consequences on competition within the gas industry or in industries that have secured gas contracts.

There seems to be an assumption that gas exists to serve the electricity industry. That is incorrect. While electricity is an important use of gas, ~70% of gas use is non-electricity.[1] Also, the gas industry is a similar size to the electricity industry.[2] Further, the Gas Act 1992 purpose

[1] https://www.energyresources.org.nz/oil-and-gas-new-zealand/the-importance-of-oil-and-gas-to-the-new-zealand-economy/
[2] https://www.mbie.govt.nz/dmsdocument/23550-energy-in-new-zealand-2022-pdf page 10

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(paraphrasing) is to promote open-access use of gas, e.g. the electricity industry is not mentioned in its s43ZN objectives nor in the Government Policy Statement on Gas Governance.[3]

There seems to be an assumption that electricity is *the* answer to decarbonisation. That is also incorrect. While electrification is important, direct use of non-fossil liquid, gas and solid fuels will also play a key role and it is not advisable to electrify agriculture. Further, reducing consumption, switching modes, using fossil fuels in hard-to-abate areas, and carbon and/or direct air capture (including trees) will also likely play key roles.

Renewable Electricity

Third, the paper needs to be more defined when addressing renewable electricity. While 'renewables' are accepted to be a part of decarbonisation and generally better for the climate than fossil fuels, that is not always the case (e.g. some biofuels) and labelling something as renewable (or sustainable) does not mean that it is. The point is not to slow down the 'renewable' transition, but to encourage ongoing questions: i) What resources are required for x to be renewable? ii) What are the life-cycle planetary boundary impacts of x?

The EA should reconsider its definition of renewable electricity generation: "that [which] is not fossil-fuelled but is fuelled by sources that are or can be naturally replenished".[4] If the focus is on the fuel (not translation of that fuel into electricity), then that does not promote life-cycle considerations. Further, that definition suggests that geothermal is not renewable (as replenishment requires drilling), nor is pumped hydro (as moving water uphill is not natural).[5] However, rather than aligning or standardising definitions it would be better for the energy transition to focus on the trade-offs of all energy types and options.

This is the direction of sustainability science (and RMA reform) and it will be critical to energy transition management.

Yours sincerely

Chris Boxall
Commercial Manager

[3] other than vis-à-vis joint utility dispute resolution services for consumers
[4] mid-consultation EA answer to a question
[5] https://gridwatch.co.uk/ also suggests that pumped hydroelectric is not renewable