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**New Zealand Green Building Council (NZGBC) submission on the Commerce Commission on the Gas DPP4 reset - Issues paper**

Thank you for the opportunity to provide feedback on the Gas DPP4 reset issues paper.

The New Zealand Green Building Council was created by the property and construction sector to help improve the health and efficiency of New Zealand’s buildings.

Our members include construction firms, architects, building owners, energy companies, engineers, banks, product suppliers, government departments, local authorities and many others.    We’re passionate advocates representing over 700 members who believe that better buildings can deliver a country that has lower running costs for families and businesses, greater resilience in our energy system and less climate pollution.

To aid the sector in its green transformation, we develop and administer several sustainability rating tools that can be used by planners, builders, owners, and operators to identify opportunities to reduce waste, energy use, and emissions. The NZGBC develops and operates the New Zealand specific Green Star rating system, and administers the NABERSNZ energy use rating system licensed by EECA and developed and owned by the NSW Government of Australia.

**Submission feedback**

*We do not support allocating repayment for write down of gas network assets to other energy users customers*

We agree that action is needed beyond the Commerce Commission’s current regulatory role to support a managed transition away from natural gas.

We strongly disagree with the proposed solution to write down the value of the RAB and allocate the cost of the written down portion of the assets to electricity customers.

* This is inequitable as it adds cost to customers who are not utilising this service.
* This would disproportionately impact low income households, who spend a greater proportion of their income on electricity costs than others.

The Commerce Commission could focus on delivering a managed gas transition that will deliver better outcomes and stage a well planned retirement of parts of the gas distribution networks.

We understand there is discussion of providers walking away from managing networks. It is important to avoid the disorderly and costly outcomes from an unmanaged “death spiral”. Supporting electrification will help significantly.

Our new report released this week as part of Green Property Summit 2025; ['Protecting industry, jobs and household budgets as the gas runs out'](https://nzgbc.org.nz/hubfs/Research%20and%20reports/NZGBC%20-%20Protecting%20Our%20Gas%20Supply%20Report%20-%20Single%20Pages.pdf?hsCtaTracking=4fb111ac-2501-4910-a1ed-7ced416bef63%7C2b227add-a171-4dc3-8573-82e68b9c686b), shows that accelerating heat pump adoption could help ease pressure on the energy system.

It found that heat pumps could help save help Kiwi households $1.5 billion a year on energy bills and protect thousands of jobs.

With fossil gas supplies declining and electricity demand rising, New Zealand faces higher energy costs, business uncertainty and closures, and job losses.

By replacing gas and inefficient electric heaters with heat pumps New Zealand could:

* Save up to 48 Petajoules of gas annually, nearly 40% of current production
* Cut electricity demand by up to 4,000 GWh, enough to power over half a million homes
* Reduce household energy bills by up to $1.5 billion a year
* Free up energy for high-value industrial uses and businesses

It is alarming that we are still connecting thousands of new buildings to gas each year, even as supply runs out. This report shows we can turn it around by using readily available, viable alternatives that reduce demand, lower bills, and help protect jobs. The report's recommendations include:

* Expanding insulation and retrofit programmes
* Phasing out gas heating systems and new gas connections
* Strengthening energy efficiency standards
* Subsidising heat pumps and hot water heat pumps
* Improving access to finance

**Mandate to provide for long-term benefit for all consumers**

It is important that the gas transition is managed in a way to benefit all consumers. There is little and reducing gas supplies. Gas prices are rising and volatile. We should support residential gas customers to switch to electricity. This will reduce their overall energy costs.

Section 1A of the Commerce Act sets out that the Commerce Commission’s mandate is to **all consumers,** not just gas consumers.

A managed transition could help improve certainty over customer disconnection rates, plan transitional gas needs for hard to decarbonise industries, and set priority allocation of remaining gas resources. This would help to identify when and where staged retirement of certain parts of the gas distribution networks is most appropriate.

This type of managed planning would greatly improve the ability of the Commerce Commission to make decisions on the potential role of accelerated depreciation of existing assets.

It would also help the Government to assess its role in taking on risk associated with gas network assets.

Much of the inequity risk of increasing gas supply and delivery cost could be offset for households by putting in place policy mechanisms that enable and remove barriers so all households can electrify quickly and disconnect from gas networks.

This should include support for low income households to electrify household appliances and subsidised disconnection fees for households where this will be a financial barrier to electrification. Policy mechanisms should also be prioritised to ensure renters can electrify.

Implementing a heat pump conversion programme for commercial and residential space and water heating over the coming decade could reduce natural gas and LPG use by up to 240PJ by 2035, around a quarter of the remaining reserves.”

Greymouth Gas’ proposed writing down of network assets would have little impact on gas prices. It would not ease the cost pressures threatening industrial customers, nor provide the certainty needed to efficiently and quickly get on with the transition. Instead, we suggest consideration of the mechanisms to support rapid electrification of residential gas use such as those outlined in the New Zealand Green Building Council report, that would have a more material impact through lowering gas demand and providing support for industrial decarbonisation.