

AN EXCEPTIONAL ENERGY CASE STUDY

LPG – A FUEL IN TRANSITION

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An Exceptional Energy case study on how WLPGA member, Gas NZ*, is achieving positive outcomes toward a renewable future for LPG.

*Gas NZ represents the LPG and Gas Associations of New Zealand.



WORLD LPG ASSOCIATION

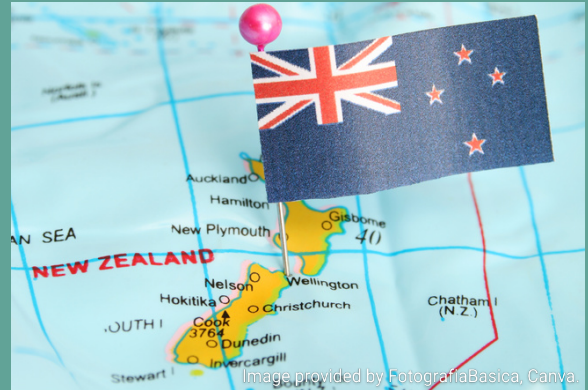
182 avenue Charles de Gaulle
92200 Neuilly-sur-Seine - France
www.wlpga.org



A PATHWAY TO A FUTURE FOR LPG THAT IS MUCH LOWER CARBON THAN WHAT WE HAVE TODAY

New Zealand, like many countries, is addressing climate change with an aim of achieving net zero carbon by 2050. A major challenge for the New Zealand LPG sector is helping consumers and government see a future for LPG that is much lower in carbon than we have today.

The New Zealand LPG sector aims to introduce renewable LPG (rLPG) blends into the market by 2025; becoming a material part of the renewable gas mix by 2030.



The Challenge

On 1st February 2021 the New Zealand LPG industry faced an immediate existential threat. In draft advice to government, the New Zealand Climate Change Commission recommended a 2025 end-date for new gas connections. An industry response was imperative to ensure New Zealanders could continue to enjoy the benefits of LPG.

The immediate challenge was having the sections recommending an end-date for connections removed from the draft advice. The ongoing challenge was ensuring the industry had a defined pathway to decarbonise LPG that it could deliver on.

The Solution

Gas NZ's solution was future-focussed and three-pronged:

1. Clear submission to Climate Change Commission focussed on a low carbon future

The industry had been actively exploring rLPG pathways since 2019, and the submission was built on that foundation. Significantly, the association commissioned a detailed report from consultants Worley, to establish the potential pathways for rLPG in New Zealand. The direction and opportunities outlined in the report formed the basis of Gas NZ's submission.

Gas NZ met with the Minister for Energy and government officials to develop the submission, continuing a dialogue with government that had begun prior to the commission's draft advice.

The submission proposed that rLPG should be preferred to a ban on new connections, and that the introduction of rLPG be required from 2025.

Gas NZ asked that the government requires the proportion of rLPG, as a percentage of total LPG supplied, be enough to equal the reduction in emissions that would have resulted if no new LPG connections had been permitted. This will mean at least 20% of the LPG market will be renewable by 2035 and at least 70% by 2050.

The industry advocated for a renewable gas mandate, to incentivise market participants to develop rLPG, emphasising that:

- Existing heating and cooking appliances and LPG infrastructure (such as pipelines, tanks, cylinders and trucks) are ready for rLPG today.
- Transitioning to rLPG allows continued, uninterrupted use of equipment.
- A ban on new LPG connections may have unintended consequences, such as customers and market players exiting the industry, which would negatively affect confidence and the economics of rLPG.
- The existing user cases for LPG can be replicated with rLPG. A ban overrides consumer preference and choice, and risks losing public support for decarbonisation.
- The proposed alternative achieves an equally ambitious emissions pathway while providing opportunities for economic upside and greater technology options.
- The proposed alternative is practical and supported by research and relies on technology that is available to reduce emissions today.

To further weight the submission, Gas NZ engaged with other industries that had a stake in the future of gas and successfully sought their support for the direction proposed.



Images provided by Gas NZ.

2. Consumer confidence and support

Facilitated by Gas NZ, the New Zealand industry launched a consumer-focussed advertising and social media campaign, "Future Sure", to inspire and reassure customers about the future of LPG and gas - that the flame wasn't going out, it was getting greener.

The objective was to raise awareness to consumers and the general public that a plan exists to ensure that the future of gas would meet New Zealand's requirements for decarbonisation, that gas was a fuel in transition, and customers could continue to count on gas while it transitioned to lower carbon alternatives.



Image provided by Gas NZ & Canva.

Gas NZ ran print advertisements in national newspapers and home magazines, and launched an extensive digital advertising and social media campaign.

Key Future Sure taglines were:

- *If you like today's gas, you'll love tomorrow's*
- *The flame's not going out*
- *100% renewable - 100% agree*

3. Transition plan backed by evidence and data

The submission and consumer campaign were backed by data and evidence that a green future for LPG was realistic. Gas NZ looked internationally and locally to develop the transition pathway. Valuably, Gas NZ worked with (and continue to work with) the Australian LPG industry and the World LPG Association, to maximise knowledge sharing.

In addition to the first Worley report establishing the potential and likely technology pathways, Gas NZ commissioned a [second Worley report](#) to explore the most promising technology pathway for the production of rLPG/DME in New Zealand.



The Result

The connection ban timeline was removed from the Climate Change Commission's advice and the industry continues to see strong consumer support for LPG in homes and business.

Significantly, the government's Emissions Reduction Plan was released in May 2022. The plan does not recommend bans. The Emissions Reduction Plan instead provides for a Gas Transition Pathway. The transition pathway expressly includes how renewable gas and LPG can be part of the future energy system.

The transition plan is due mid 2023. In pursuit of the proposed timeline to ensure rLPG is introduced at scale, Gas NZ continues to:

- Engage with politicians, officials and regulators, and likeminded industries on a low carbon, renewable gas future and to seek collaboration opportunities.
- Maintain and grow consumer confidence, the "Future Sure" campaign has been extended through until 2024 to ensure the "Future Sure" brand continues as a brand to engage, inspire and inform customers.
- Invest in a decarbonisation roadmap, and decarbonising technology and production options. The New Zealand LPG industry is aiming to have a small scale plant for a rLPG substitute confirmed within the next two years.

Contributor

- Gas NZ

