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Notification of Firstgas distribution prices effective 1 October 2024

Firstgas is pleased to announce our distribution prices to come into effect 1 October 2024.

Purpose of this document

Firstgas owns and operates the natural gas distribution networks in the upper North Island (excluding Auckland) and supplies gas to over 67,000 consumers. This document contains information to help you understand how we determine our gas distribution prices. In this document, we:

1. Describe how we set our gas distribution prices;
2. Provide reasons for the changes in gas distribution prices;
3. Include our new price schedules (standard and non-standard); and
4. Provide a comparison of standard prices before and after the 1 October 2024 price change.

We believe in transparency and hope that you find this information useful. You can find more detailed information about our Pricing Methodology on our website.

How we set prices

We recover the cost of owning and operating our gas distribution network through a combination of standard (published) and 19 non-standard prices for gas distribution services, as well as some capital contributions for new connections. The revenue from our gas distribution prices is regulated by the Commerce Commission. We detail how we comply with these principles in our Distribution Pricing Methodology disclosure, available on our website.

A key feature of gas distribution systems is that they are networks of interconnected assets. Many consumers on the network share assets, and it is difficult to identify precisely who benefits from which assets. While this means that the allocation of costs between consumers or groups of consumers can be made in many ways, it also means that the cost of providing the network is shared widely. Therefore, the cost of network services is generally low for each consumer.

To recognise the key differences in the use and cost of our network, we separate consumer connections into the following segments for pricing:

Residential consumers: All residential consumers;

Business consumers: Less than or equal to 10 scm/h;

Small commercial consumers: Greater than 10scm/h and less than or equal to 40scm/h;

Large commercial consumers: Greater than 40scm/h and less than or equal to 200scm/h;

Industrial consumers: Greater than 200 scm/h; and

Non-standard consumers.

To determine the amount of regulated revenue to recover from each consumer segment, we consider how each segment uses our gas distribution network assets. The way the network of assets has been built up over time is something that Firstgas now has limited ability to change, however we are able to influence present and future investment decisions in the gas distribution network.

Our distribution prices are designed, in line with the regulated pricing principles, to efficiently recover the cost of the existing gas distribution network and send efficient signals to users when new investments are required.

Reasons for price changes

For the pricing year beginning 1 October 2024, Firstgas has set its prices to comply with the Commerce Commission in its Gas Distribution Services Default Price-Quality Path Determination 2022. This Determination allows us to recover the costs of providing gas distribution services as well as several categories of cost outside of our control known as “pass-through and recoverable costs”. At the end of each regulatory period (typically 4-year periods) prices are reset to reflect forecast cost changes. PY2025 is the third year of the current regulatory period (2023-2026), the subsequent reset sees an increase in prices.

Removal of GN0V

Please note that for PY2025 the fully variable GN0V residential tariff has been removed from our schedule. Within our June consultation, retailers were asked to consider its removal. Firstgas received no feedback in support and the tariff has been removed to simplify our standard pricing schedule.

Schedule of standard pricing from 1 October 2024 (PY2025 Prices)

Price Category	Category	PY2024 Prices		PY2025 Prices	
		Fixed price (\$/day)	Volume price (\$/kWh)	Fixed price (\$/day)	Volume price (\$/kWh)
GN0R	Residential Mass market, less than 10 scm/h	0.49306	0.02865	0.57597	0.03347
GN01	General Business Mass market, less than 10 scm/h	0.91846	0.01086	1.09321	0.01293
GN02	Small Commercial Between 10 and 40 scm/h	1.58503	0.01057	1.88708	0.01258
GN03	Large Commercial Between 40 and 200 scm/h	6.95792	0.00971	8.28133	0.01156
GN04	Industrial More than 200 scm/h	20.15267	0.0092	23.99321	0.01095
GN05	Large Industrial More than 200 scm/h	333.71596	0.00222	396.96385	0.00265

Non-standard prices from 1 October 2024

ICP	Reason	Standard tariff equivalent	Fixed Price (\$/day)	Volume Price (\$/kWh)
0008000027NGD9C	Bypass	GN05	69.85	0
0008000029NGE07	Bypass	GN05	115.25	0
0008000032NGA7E	Measurement only	N/A	0.00	0
0008000033NG63B	Bypass	GN05	34.14	0
0008000038NG8EF	Bypass	GN05	220.59	0
0008000040NGFA6	Bypass	GN05	208.43	0
0008000047NG26C	Measurement only	N/A	0.00	0
0008000051NG94E	Bypass	GN05	412.06	0
0008000072NG8DB	Bypass	GN05	144.98	0
0008000080NG849	Transition to standard	GN05	114.40	0
0008000147NGB68	Transition to standard	GN04	79.97	0
0008000249NGBF0	Bypass	GN05	86.82	0.00002
0008000300NGE00	Bypass	GN05	41.25	0
1001295720NG848	Interconnection Fee, cost recovery	GN05	597.55	0.00144
1001296139NG852	Interconnection Fee, cost recovery	GN05	745.44	0.01081
1001298408NGE2A	Bypass	GN05	90.18	0.00793
1001298461NGF8B	Bypass	GN04	42.07	0.00782
1001303155NG034	Interconnection Fee, cost recovery	N/A	1168.66	0.00012
1001305387NG234	Bypass	N/A	136.60	0

Contact details

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For further information on Firstgas and its gas distribution and transmission businesses, please visit our website www.firstgas.co.nz