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Notification of Firstgas distribution prices effective 1 October 2023

Firstgas is pleased to announce our distribution prices to come into effect 1 October 2023.

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 65,500 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 2023 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 20 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:

1. Residential consumers: All residential consumers;
2. Business consumers: Less than or equal to 10 scm/h;
3. Small commercial consumers: Greater than 10scm/h and less than or equal to 40scm/h;
4. Large commercial consumers: Greater than 40scm/h and less than or equal to 200scm/h;
5. Industrial consumers: Greater than 200 scm/h; and
6. 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 2023, 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 5-year periods) prices are reset to reflect forecast cost changes. This year is the second year of the current regulatory period (2023-2026), the subsequent reset sees an increase in prices.

Schedule of standard pricing from 1 October 2023 (PY2024 Prices)

Price Category	Category	PY2023 Prices		PY2024 Prices	
		Fixed price (\$/day)	Volume price (\$/kWh)	Fixed price (\$/day)	Volume price (\$/kWh)
GN0R	Residential Mass market, less than 10 scm/h	0.41943	0.02437	0.49306	0.02865
GN0V	Residential Mass market, full variable charge and less than 10 scm/h	0.000000	0.05947	0.00000	0.07072
GN01	General Business Mass market, less than 10 scm/h	0.77174	0.00913	0.91846	0.01086
GN02	Small Commercial Between 10 and 40 scm/h	1.3321	0.00888	1.58503	0.01057
GN03	Large Commercial Between 40 and 200 scm/h	5.8496	0.00816	6.95792	0.00971
GN04	Industrial More than 200 scm/h	16.93363	0.00773	20.15267	0.00920
GN05	Large Industrial More than 200 scm/h	280.34438	0.00187	333.71596	0.00222

*for an average consumer in each pricing category

Non-standard prices from 1 October 2023

ICP	Reason	Standard tariff equivalent	Fixed Price (\$/day)	Volume Price (\$/kWh)
0008000027NGD9C	Bypass	GN05	66.48	0
0008000029NGE07	Bypass	GN05	109.68	0
0008000032NGA7E	Measurement Only	N/A	0.00	0
0008000033NG63B	Bypass	GN05	32.49	0
0008000038NG8EF	Bypass	GN05	209.93	0
0008000040NGFA6	Bypass	GN05	198.36	0
0008000047NG26C	Measurement Only	N/A	0.00	0
0008000051NG94E	Bypass	GN05	392.16	0
0008000072NG8DB	Bypass	GN05	137.98	0
0008000074NG954	Bypass	GN05	62.19	0
0008000080NG849	Transition to Std	GN05	108.87	0
0008000147NGB68	Transition to Std	GN04	76.11	0
0008000249NGBF0	Bypass	GN05	82.63	0.00002
0008000300NGE00	Bypass	GN05	39.26	0
1001294166NGCC4	Cost Recovery	GN05	129.06	0.00686
1001295720NG848	Interconnection Fee, Cost Recovery	GN05	568.69	0.00137
1001296139NG852	Interconnection Fee, Cost Recovery	GN05	709.43	0.01029
1001298408NGE2A	Bypass	GN05	85.82	0.00755
1001298461NGF8B	Bypass	GN04	40.04	0.00744
1001303155NG034	Interconnection Fee, Cost Recovery	N/A	1161.87	0.00011

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