

Save biogas for industry, not households - Casey

Eamon Rood, Energy News
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Biogas should be deployed for industrial users rather than as a way for households to continue subsidising gas pipelines, Rewiring Aotearoa chief executive Mike Casey told the GasNZ Forum last week.

Casey thinks electrification and rooftop solar are better deals for the average consumer than reticulated gas networks, while also contributing to overall system resilience.

The wider decline of New Zealand's gas sector puts a hard limit on the economic viability of its networks, which should prioritise industries that lack alternative fuels to seek out options like biogas.

"I'm still very skeptical that it's going to have any major effect on the majority of gas consumption in New Zealand," he says.

"I still think that needs to be electrified - but prove me wrong."

Casey says biogas can and should supplement other industrial fuels and is a better investment than the \$1 billion-plus the Government proposes for a liquefied natural gas terminal.

Putting that money into something like biogas "can actually solve some of these problems for industry."

Policymakers may need to look at "pruning" uneconomic parts of the gas network. Casey points to Australia, where household disconnections are increasing despite there being no shortage of gas there.

Lack of strategy

Casey took part in a panel discussion at the GasNZ Forum last week about whether residential gas users should be encouraged to switch from gas.

Joking that he felt like a "vegan at a beef and lamb event," he told delegates that electrification and expanding distributed solar generation make economic and climate sense.

Rooftop solar is "not the be-all and end-all" but part of a wider renewables build-out that reduces dry-year risk.

The wider problem is a set of market settings that doesn't encourage enough investment in renewables.

The 2024 price spike highlighted a lack of strategy, including shortages of both hydro and coal, that saw generators "pinching" gas off everybody else, Casey says.

He says rooftop solar doesn't need subsidies, but experience overseas shows that they do accelerate adoption.

"I'm quite a free-market guy, but what we're noticing more and more is markets are failing to facilitate this transition, and that's where something like subsidies need to come in.

"I would much prefer the subsidies are targeted at really hard to electrify businesses that we don't want to see leave this country."

Opportunities there

Clarus Group chief executive Paul Goodeve told the panel that Europe offers lessons on biogas, just as Casey sees Australia as a model for solar.

"I'm not going to talk about the European subsidies behind that, but just as Mike probably doesn't talk about the subsidies behind the Australian solar rollout," he says.

"But I think that there's a lot to learn from looking at other use cases and picking up the opportunities that exist for us in New Zealand and being open-minded to those."

Clarus estimates New Zealand could have up to 20 petajoules of biogas capacity. That potential is large but widely dispersed, particularly across dairy farms, making collection and use difficult and expensive.

Existing infrastructure should be used where possible rather than being written off too quickly. Gas networks are effectively unconstrained compared with electricity, with a "hugely substantial" ability to transport large quantities of energy from one point to another.

"I do think we need to maintain as much of that network infrastructure as we can to capitalise on that.

"We're not rich enough to throw away industrial capacity that's already there."

Cui bono?

Goodeve also supports rooftop solar but says its benefits are unevenly distributed.

"It's been making rich white guys richer for the last decade," he says.

"The system is heavily cross-subsidising me for solar, and I thank Powerco's pricing tariff because it reduces my price.

"As a rich white guy, that makes me feel really good. If I was renting a house, or I had no capital, or I was unable to borrow from a bank, I would probably feel a little bit upset about that."

Goodeve adds that the transition needs "a little bit of everything" rather than a single technology or policy.

Casey agrees the "rich white guy problem" is real but he says it's not the solar panels that discriminate.

"It's not the solar panels that say you're poor, I'm not going to generate for you. It's the settings in our society that do that.

"And so, what we must do is figure out how to get all New Zealanders equitable access to the cheapest energy possible."

Passage of time

The panel also included LBC Consultancy project manager and New Zealand Energy Substack author Larry Blair, along with Heuser Whittington partner Andreas Heuser. Clarus customer and regulatory general manager Ben Gerritsen facilitated.

Blair agrees subsidies are undesirable, but thinks the key variable that isn't considered is time.

How quickly can New Zealand double renewable electricity capacity while gas reserves decline?

"I think that we consistently overestimate how much time we've got, that's the takeaway from the last five years.

"Just the consenting process is ridiculous. We don't look at it on a risk basis and give a lot of attention to risky consents and next to none to things that are basically pretty straightforward."

New Zealand must also decide what to do with remaining industrial infrastructure before it's too late.

"There will be pathways going forward, but if we lose that industrial capacity now, we won't get it back."

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