

News release

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Gas Industry Co releases 2024 Gas Supply and Demand Study

Investment in new gas supply is needed to avoid shortfalls in supply that could become acute in the 2030s, the gas industry co-regulator says.

The 2024 Supply and Demand Study, commissioned from EY by Gas Industry Co, shows that, in the absence of imported fuel or a significant domestic gas discovery, supply will become insufficient to meet demand if the current trajectory continues.

Even with new supply entering the market, industrial closures could occur in response to fuel availability and prices.

If the country's largest gas user, Methanex, exits the market, security of supply would be further compromised, with insufficient investment in gas field development and insufficient flexibility to meet electricity requirements.

LNG imports are part of the solution for consumers needing flexibility, which is mainly electricity. LNG enters the market at very high prices that many industrial users would not sustain.

Residential consumers will always have access to gas (although some future gas demand is assumed to be met from biogas).

Emissions from imported LNG are higher than for domestic gas. However, in all scenarios including LNG imports, gas sector emissions are consistent with or below the Climate Change Commission's demonstration pathway. A high renewables scenario brings benefits including avoiding some industrial closure through fuel-switching, but there are uncertainties around costs and timing, while reducing gas demand could also have economic costs.

The Supply and Demand study is prepared to provide insights for industry and policy-makers about potential outcomes from decisions about various possible pathways for the sector. A copy of the 2024 study is available on the Gas Industry Co website.

About Gas Industry Co

Gas Industry Co is the industry body that works alongside industry and government to co-regulate New Zealand's gas. We oversee gas governance, facilitate gas markets, and provide trusted advice through the energy transition.