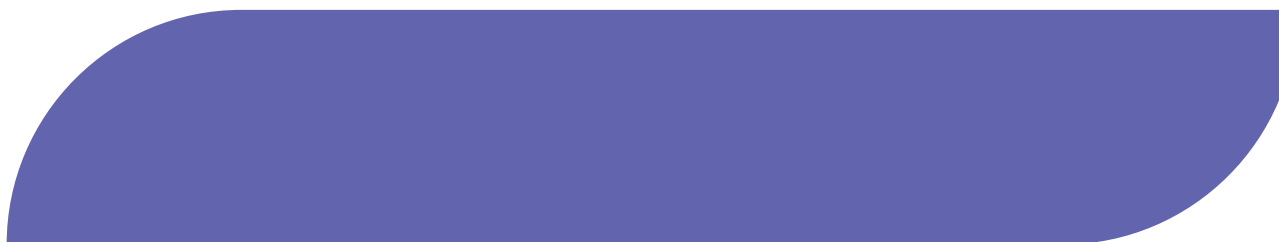
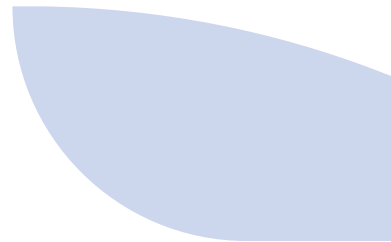


Annual Report

2024/2025



Gas Industry Co.





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Gas Industry Co is the home of New Zealand's gas governance, advice and data.

Gas Industry Co is the industry body that co-regulates gas, so New Zealanders enjoy safe, efficient, fair, reliable, and environmentally sustainable gas delivery.

Gas Industry Company Limited (Gas Industry Co) was approved in 2004 as the industry body under Part 4A of the Gas Act 1992 (Gas Act).

Our role as the industry body is to:

- Develop arrangements, including regulations where appropriate, which improve:
 - » consumer outcomes
 - » the operation of gas markets and
 - » access to infrastructure.
- Develop these arrangements with the principal objective to ensure that gas is delivered to existing and new customers in a safe, efficient, reliable, fair and environmentally sustainable manner.
- Oversee compliance with and review such arrangements.



When recommending industry arrangements, we take into account the objectives of the Gas Act and the Government Policy Statement on Gas Governance 2008 (Government Policy Statement).



What we do is grouped into three classes of activities.

These activities make up our work programme which is developed in consultation with industry, and included in our annual Levy Recommendation to the Minister for Energy (Minister):

1

Gas governance

The Gas Act and Government Policy Statement guide us in these activities where we have statutory roles as well as oversight of the industry processes or regulations with the intention of ensuring appropriate activities are being undertaken. Examples of our gas governance roles include the determination of breaches and undertaking compliance audits. Our gas governance roles are normally designed to provide security of supply, build consumer trust, or oversee competition and markets.

2

Facilitating industry systems and processes

We have regulatory defined roles and have undertaken activities where requested by industry to deliver independent or centralised services. Examples of the facilitation role include a wide set of activities such as managing the D+1 model, the gas registry, and reconciliation processes, through to hosting the website for upstream disclosures.

3

Trusted advisor to government and industry

The trusted advisor's role reflects our activities to inform people about the gas industry. This role has become more pronounced as the wider energy sector and government entities have sought to develop their understanding of the changing energy future. Examples include the supply and demand studies, engagement with government agencies such as Ministry of Business, Innovation and Employment (MBIE), the Energy Efficiency and Conservation Authority (EECA) and the Climate Change Commission, and discussions with industry about government processes. It is important to note here that our role is limited to informing, we are not an advocate or lobbyist for industry.

Governance arrangements overseen by Gas Industry Co

We oversee various arrangements for the downstream gas industry.

Regulatory arrangements made under the Gas Act include:

- Gas (Switching Arrangements) Rules 2008 (Switching Rules), which provide for a central registry of Installation Control Point (ICP) data and facilitate customer switching among retailers.
- Gas (Downstream Reconciliation) Rules 2008 (Reconciliation Rules), which prescribe the process for attributing volumes of gas consumed to the responsible retailers.
- Gas Governance (Critical Contingency Management) Regulations 2008 (CCM Regulations), which set out how industry participants plan for, and respond to, a serious incident affecting gas supply via the gas transmission pipelines.
- Gas (Facilities Information Disclosure) Rules 2022 (Information Disclosure Rules), which set out a disclosure regime in relation to outages of gas production and storage facilities.
- Gas Governance (Compliance) Regulations 2008 (Compliance Regulations), under which alleged breaches of the rules and regulations set out above are determined and settled efficiently. We perform the role of Market Administrator under the Compliance Regulations.

Industry arrangements include:

- D+1 (gas allocations to retailers at shared networks, the day after gas has flowed).
- Retail Gas Contracts Oversight Scheme.
- Gas Distribution Contracts Oversight Scheme.
- Framework for Gas Retailer Insolvency Arrangements, which sets out the process we will follow in the event of a retailer insolvency.

The ongoing effectiveness of the regulatory arrangements is monitored and reviewed. This is both at a high level, through a set of industry performance measures, and at a detailed level, through audits and daily monitoring.



How we fit into regulatory arrangements

Gas Industry Co works closely with other regulators as well as industry.

Our main focus is in the downstream sector, where gas supply goes through processing, transmission, distribution and to consumers (including major users supplied from the transmission system, and retail users supplied from distribution networks).

The upstream sector, comprising gas exploration and production, is governed primarily through the Crown Minerals Act 1991 and administered by MBIE.

MBIE is responsible for energy and resources legislation and policy.

The Commerce Commission is responsible for enforcing the Commerce Act which, under Part 4, regulates the transmission and distribution businesses that own and operate New Zealand's gas pipeline infrastructure without facing direct competition for their services.

Utilities Disputes is a free, independent service that resolves complaints between consumers and their gas company.

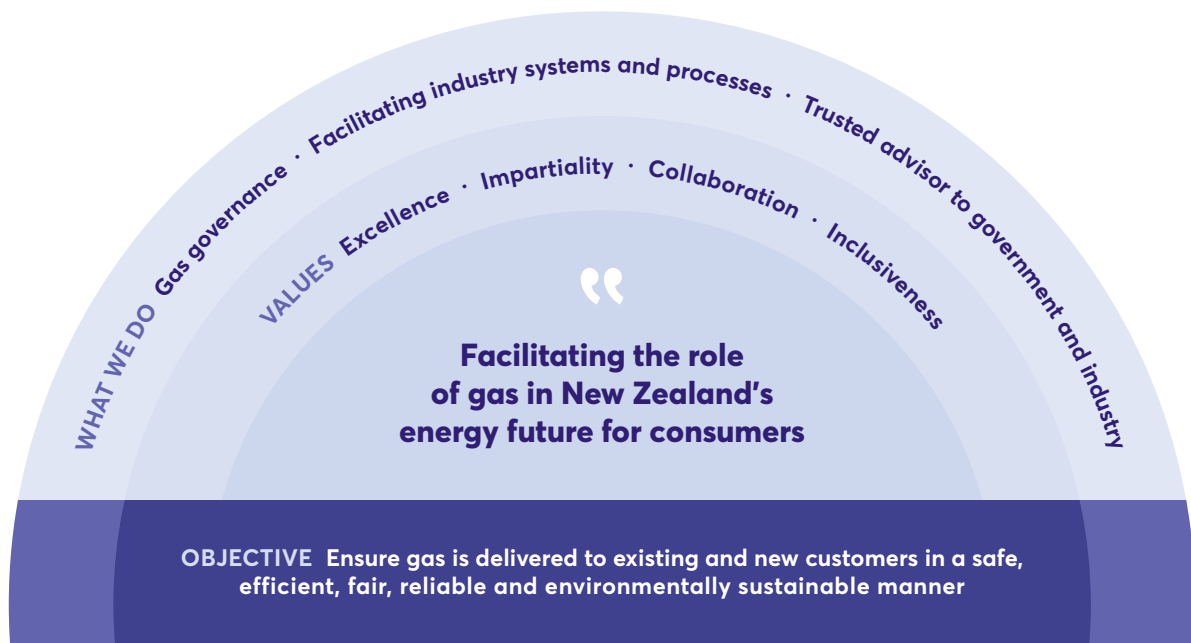
Worksafe is responsible for safety around gas.

Gas Industry Co's strategy

Our strategy includes our core theme of "facilitating the role of gas in New Zealand's energy future for consumers".

Our core theme recognises that:

- Our roles are broader than only providing governance;
- Gas has a role in New Zealand's energy future;
- We have a role in supporting the energy transition;
- Gas includes gases of increasing importance in our energy ecosystem (hydrogen and/or biogas); and
- Our regulatory roles are designed to either provide greater security of supply or oversight of competition and markets.



Structure of the New Zealand gas industry

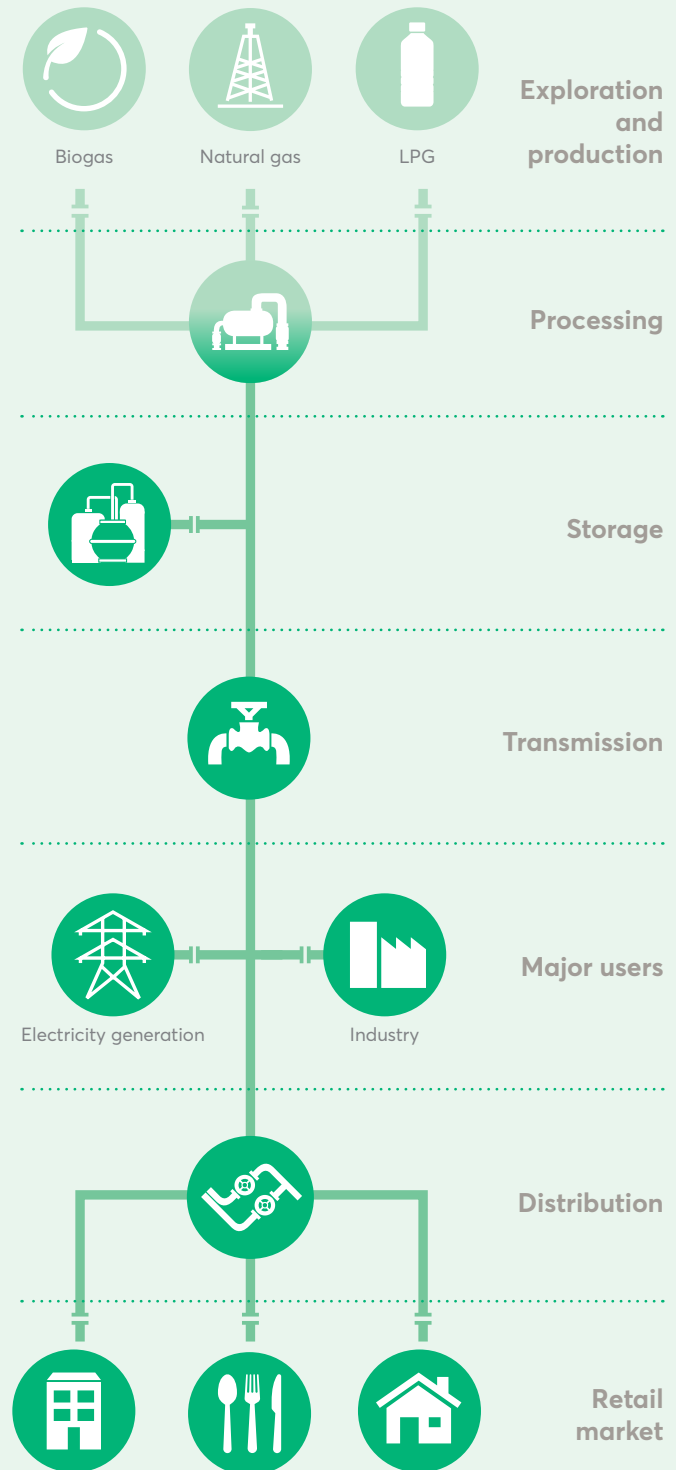
The New Zealand gas industry can be divided into two main sectors:

The upstream sector

comprising gas exploration and production as well as some aspects of gas processing, is governed primarily through the Crown Minerals Act 1991 and administered by MBIE.

The downstream sector

over which we have regulatory oversight, includes some aspects of gas processing, transmission, distribution and consumers (including major users supplied from the transmission system, and retail users supplied from distribution networks).



Our work programme includes a focus on natural gas in the energy transition. Find out what the future of natural gas might look like.

What is the future of the gas industry?

The Chair's foreword on **page 11** and the Chief Executive's review on **page 14** discuss the future of gas and security of supply. Gas markets are constrained and we set out the context for likely future development of the sector.

How can we give consumers and investors confidence in gas markets?

Page 16 describes how we publish regular supply and demand studies to enable consumers to make investment decisions knowing how much gas is likely to be available in given conditions. On the production side, they provide insight into likely market conditions and the demand for potential new supply.

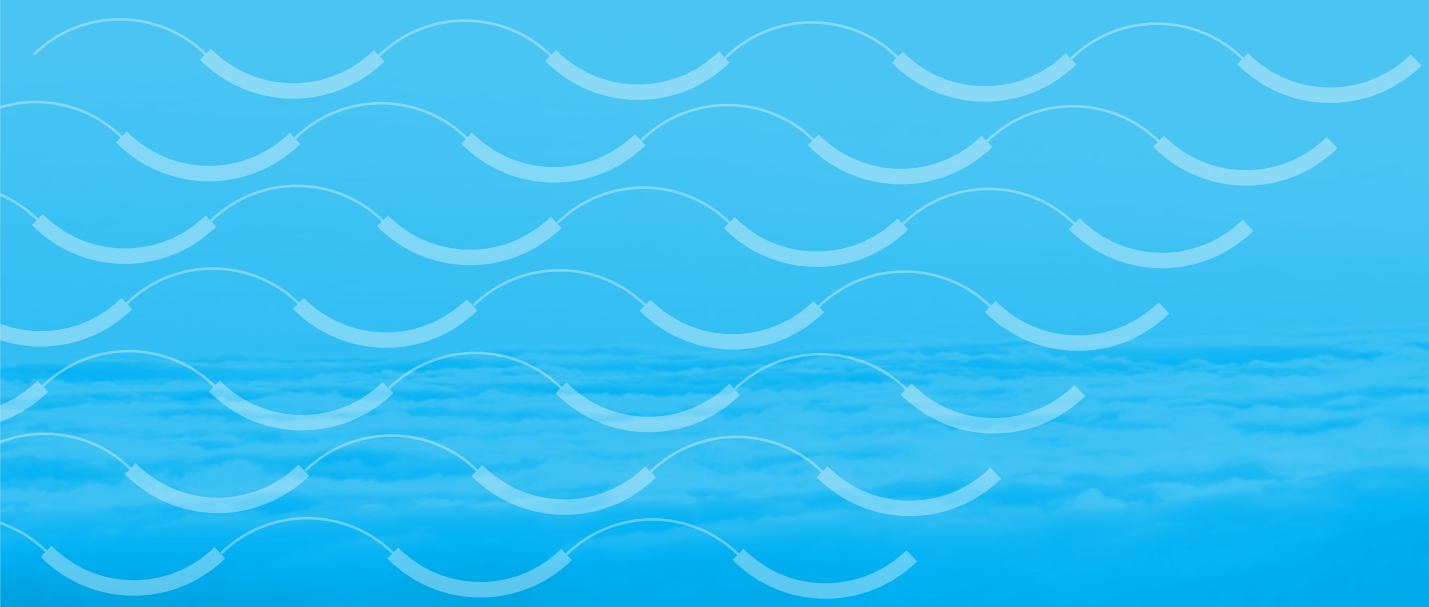
Our 2024 supply and demand study results demonstrated that in the absence of imported fuel or a significant domestic gas discovery, supply will become insufficient to meet demand if the current trajectory continues. It concluded that investment in new gas supply is needed to avoid shortfalls in supply that could become acute in the 2030s.

Is the gas industry ready to respond to a critical contingency?

Page 19 discusses our work to improve the Gas (Critical Contingency Management) Regulations 2008. The purpose of these regulations is to achieve the effective management of critical gas outages and other security of supply contingencies without compromising long-term security of supply.

In April, we consulted on updating the guidelines for determining regional critical contingencies, and following industry feedback, the new guidelines have now been introduced.





Chair's foreword

In this annual report, we set out our work programme and achievements over the last year as we continue to facilitate better outcomes for industry, consumers and our community.

We are now several years into a period of structural change in the energy sector. Gas markets are stressed, with not enough supply to meet demand.

We have been publishing annual supply and demand studies to help inform government and industry about the outlook for gas. For several years, it has been clear that New Zealand was approaching a point where some demand would not be able to be met unless there was a significant increase in investment and new supply coming to market. That point has arrived sooner than hoped, with mature fields declining sharply in the past two years, disappointing drilling results, and total gas volumes at the bottom of the range of expectations.

Several trends have been seen this year as a result. Prices have been set by scarcity, instead of long-run production costs, and there has been both an increase in the demand for flexible gas supply, alongside a decreasing ability of the sector to deliver it.

These trends require some explanation. Gas has long been an important component of the electricity market, providing baseload generation, peaking and seasonal fuel security. Although gas is no longer consumed for baseload generation, total electricity demand for gas has remained roughly stable, which requires a more flexible gas supply. Gas flexibility is met partly from storage and partly from reducing demand elsewhere in the system – especially petrochemical production. As field production has declined, we have seen fertiliser and methanol manufacture decline or pause, and as a consequence, there is less flexibility available in the market.

The result has been sharp rises in gas prices. Some industrial and commercial customers, in particular, have experienced tight supply conditions with gas contracts harder to obtain and the prices much higher. Not every business has been able to switch to alternative fuel sources, and some have reduced production or closed operations altogether.

The country needs more energy, in all forms. Increased gas supply is needed. There is enough gas in the ground to meet forecast needs, but it needs investment to access it, and if it isn't produced, the country will have difficult choices about the future of our industrial base and energy imports. Until more energy enters the system, some gas consumers will not be able to be supplied.

The sector with the most alternatives to domestic natural gas is electricity generation, through the increased use of coal, imported gas, storage, and changes to the way renewable energy is used. These alternatives provide electricity generation with more options than industrial consumers. Another complicating issue is that trade exposed industrials have less ability to pass higher prices through to end consumers, with some priced out of gas markets when renewables are unavailable and conditions are stressed.

With the passing of the Crown Minerals Amendment Bill into law, the 2018 ban on new offshore gas exploration has been overturned and the decommissioning framework updated. This, coupled with Government announcements of a \$200m co-investment in gas exploration and the availability of accelerated depreciation, is expected to increase investment and bring more gas to market.

While gas will continue to have a long-term role in New Zealand, for some, the nature of that gas will change.



There is enough gas in the ground to meet forecast needs, but it needs investment to access it, and if it isn't produced, the country will have difficult choices about the future of our industrial base and energy imports.

An example of our transition-focused work is support for biogas as a promising part of our future energy system. Biogas has the potential to decarbonise gas for residential and small commercial consumers, and if the existing distribution networks are retained, there will be reduced need for capital investment in electricity network upgrades. That could mean that the benefits of biogas are felt well beyond the gas-consuming sector, while also providing a consumer choice for households and businesses that enjoy the properties of gas. Our work to align the allocation rules, systems, and certification will enable and support the uptake of biogas.

We have continued to work with government and industry on the option of liquid natural gas (LNG) imports. LNG is technically possible. It would enter the market at a higher price than existing supplies of domestic gas, but would provide flexibility and security for New Zealand's energy system.

I would like to thank our Chief Executive, Andrew Knight, who is leaving Gas Industry Co and the energy industry. Andy has led the company through a period of unprecedented change over the last seven years and has earned considerable respect and confidence across the energy industry and with co-regulators. We wish him well with his new venture.

I would also like to thank our staff for their work over the past year. We have a small team of knowledgeable and highly motivated staff, who have continued to produce quality work.

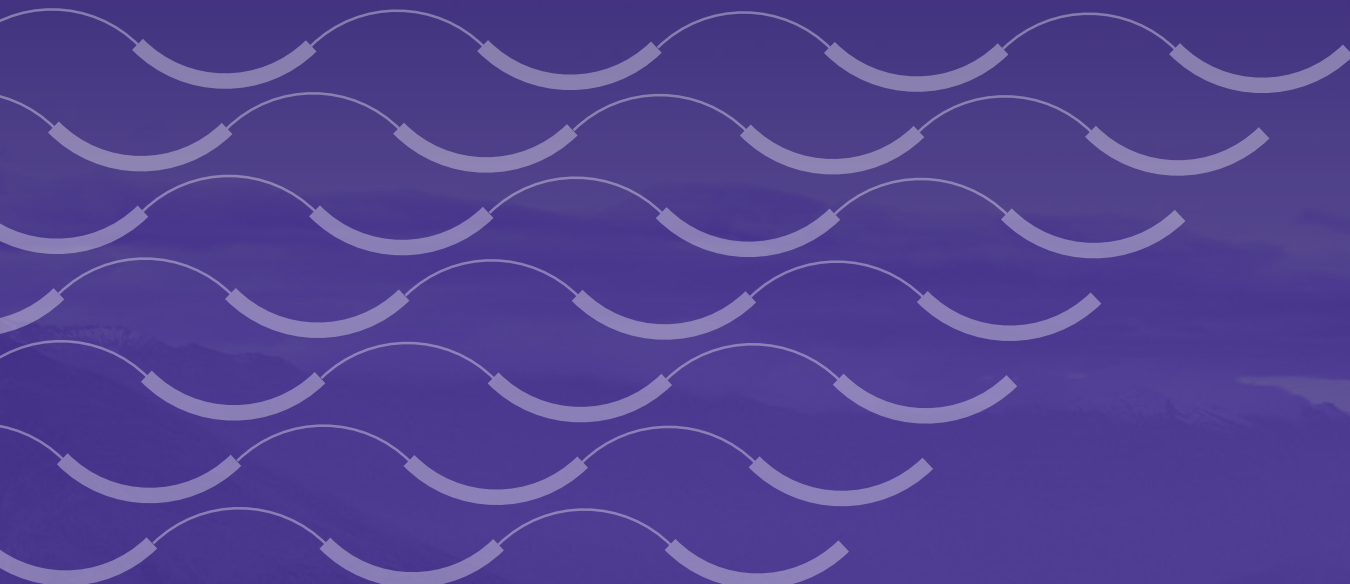
My fellow directors have continued to provide a high standard of governance for the sector. I was pleased to join the Board in November and honoured to be elected Board Chair at the February Board meeting.

This year we farewelled Rt Hon James (Jim) Bolger, who retired after almost 20 years as Board Chair. Jim delivered the co-regulatory model and his leadership, insight and support proved essential to the development of the gas sector and the wider energy sector.

We also said goodbye to Sir Brian Roche, who stepped down to become the Public Service Commissioner. We thank Sir Brian for the expertise and experience he shared during his time on the Board.

It remains for me to thank industry participants and levy payers for your ongoing support. Our work as the industry body and co-regulator requires your ongoing engagement and constructive involvement, and I look forward to the year ahead.

Hon Amy Adams
Chair



Chief Executive's review

Security of supply remains the energy sector's most pressing strategic priority.

This year saw gas prices rise sharply and securing new gas contracts was difficult for some. Gas Industry Co urged customers to source contracts as early as possible, as market conditions made it difficult to secure contracts for gas when needed.

We continued to work with MBIE and other agencies to manage the effects of the sharp decline in gas production. Key workstreams included the establishment of a 2025/2026 demand response solution, the investigation of imported LNG, and the mix of thermal generation.

Security of supply

Our major producing fields are in decline.

The key issues in security of supply are investment in the development of gas reserves (which occurs in response to contracts of sufficient scale and duration to underwrite the cost of field development), and the market mechanism that allocates gas in constrained supply conditions.

There are separate short-term and long-term issues to be considered.

In the short term, additional supply cannot be brought into the market, even at very high prices, so some customers miss out. To date, this has been Methanex. These price effects and industrial strain have wider economic impacts. This year, some industrial customers have been exceptionally stressed facing sharp rises in prices and difficulty accessing supply.

In the longer term, gas will continue to have a role, but the nature of it will change. Some industries with major gas users have closed or reduced production.

In the past several years, this has included the closure of the Whangarei refinery along with major wood and paper processing plants. Methanol production has reduced from three trains to one that operates at reduced load for part of the year or closes in, while urea production has paused and may not re-start.

Biogas will begin to enter the market and offers a longer-term choice for supply in local distribution networks. It's possible that LNG will also come into the New Zealand supply, at least as a security option in years when electricity demand for gas is high.

Gas and Energy Transition

We continue to dedicate significant resources to energy transition and security issues, including working with other agencies and commissioning research and technical modelling.

This year we picked up and addressed key issues identified as part of the Government's Gas Security Response Working Group. We liaised with government, agencies, industry and consumers on current acute market stresses, provided advice and participated in policy analysis and consultation into short- and long-term solutions to energy and gas market stress.

We commissioned new research on the best use of gas supplies, updated market outlooks about expected supply shortfalls and price paths, and participated in studies into the feasibility and options for importing LNG.

We reviewed technical and policy issues related to bringing new gas supplies to market and continued to work with industry to advance biogas. Our Recommendation to amend the Downstream Reconciliation and Switching Rules to make provision for the injection of renewable gases, was approved by the Minister.



We have been working with industry and government to improve the credibility of biogas as a solution and to support the uptake of a biogas market.

Supply and demand study

We publish annual supply and demand studies to help industry and government understand the outlook from declining production and expected consumption. This year, we engaged EY to analyse four plausible scenarios to represent a range of possible futures, to explore the potential impacts of different demand-side and supply-side drivers.

The study showed that investment in new gas supply is needed, and that in the absence of imported fuel or a significant domestic gas discovery, supply would become insufficient to meet demand in the 2030s on the current trajectory.

Biogas

We continue to believe biogas will play a role in supporting New Zealand's energy security. At least 3PJ of biogas is potentially economically available today, which is equivalent to about half the load for residential and small commercial consumers. It is possible that up to twice as much could become available at competitive prices if a market in biogas matured to the point where feedstock was developed. Currently, much of that potential supply is being used inefficiently or vented.

A biogas market has become more viable due to recent market conditions and as consumers search for new sources of energy. We have been working with industry and government to improve the credibility of biogas as a solution and to support the uptake of a biogas market. Gas governance amendments were approved earlier this year to allow for a more general framework to deal with the injection and blending of renewable gases into downstream networks.

We are a member (and funding partner alongside Worksafe) of the Standards NZ review committee tasked with amending the NZS 5442 standard to accommodate the blending of renewable gases in the reticulated gas networks. The review comprises two stages. The first stage, completed in 2024, delivered an interim standard which introduced concepts relating to biomethane injection.

We are participating in work to standardise the approach for identifying the renewable origin of feedstocks and calculating the carbon intensity of biogas and biomethane. Work is underway to review technical aspects such as gas standards, connection cost allocation and recovery, and production facility location identification. We have also engaged with market participants conducting trials to inject biogas into natural gas networks.

Critical Contingency Management

In July 2024, we made a Recommendation to the Minister to amend the Critical Contingency Management Regulations, to make the critical contingency management regime more efficient and effective, without compromising long-term security of supply.

Most of the changes relate to process improvements identified during previous contingency events and exercises. Wording was updated, ambiguity removed, and communication and the quality of information improved for parties involved in managing a critical contingency event. The changes also retained the urgent amendments that came into effect on 8 March 2024 removing the Broadlands and Taupō gas gates from the critical contingency threshold limits.

In September 2024, the Minister accepted our Recommendation and since then we have assisted MBIE through the legislative change process to progress the amendments. MBIE is currently working with the Parliamentary Council Office to draft the Regulations. Once the Regulations have been drafted and consultation with stakeholders is complete, we will implement the changes in the Regulations including updating existing industry and operational processes.

Acknowledgements

This year the Rt Hon James (Jim) Bolger retired after nearly two decades as Board Chair. Following a distinguished career in politics, which included seven years as Prime Minister, Jim established the co-regulatory model and had served as Board Chair since the Company's inception. Jim was a mentor to those of us privileged to work with him, and his wisdom, guidance and support was instrumental to shaping Gas Industry Co into the organisation it is today. We thank Jim for his many years of dedicated service and wish him well in his retirement.

Our work programme and the challenges of the transitioning gas sector continue to be demanding.

We have a small, dedicated team, and our work programme keeps us busy. We are proud of our work and proud of the difference it makes to helping New Zealand meet its energy needs.

To fulfil our role as the industry body, we need to engage and consult widely across industry along with government, fellow regulators and all our stakeholders. I would like to take the opportunity to thank all those across the sector that continue to support our work and who contribute alongside us.

Ngā mihi maioha,
Ngā mihi nui,



Andrew Knight
Chief Executive

A series of white, stylized wavy lines that resemble ocean waves, arranged in a staggered pattern across the upper half of the page.

Work programme achievements against Statement of Intent

Gas Transition Plan and Energy Transition

Over the last year, Gas Industry Co has dedicated significant resources to energy transition and security issues, working with other agencies and commissioning research and technical modelling.

The initiatives that emerged from the research and consultation undertaken for our previous Gas Transition Plan have continued to be relevant to the current government's elevated focus on security of supply and affordability in gas transition planning and wider energy strategy. These initiatives are progressing through our own workstreams and those of other institutions.

This year we picked up and addressed key issues identified as part of the Government's Gas Security Response Working Group. We liaised with government, agencies, industry and consumers on current acute market stresses, provided advice and participated in policy analysis and consultation into short- and long-term solutions to energy and gas market stresses.

We commissioned new research on the best use of gas supplies and updated market outlooks on expected supply shortfalls and price paths.

Our 2024 supply and demand study showed that investment in new gas supply is needed, and that in the absence of imported fuel or a significant domestic gas discovery, supply will become insufficient to meet demand in the 2030s if the current trajectory continues. These insights have helped highlight the decisions that need to be made to prepare for a more constrained gas market.

We reviewed policy and technical issues relating to bringing new gas supplies to market. Our work with government and industry to support the uptake of biogas is ongoing.

In February 2025, our Recommendation to amend the Downstream Reconciliation and Switching Rules to make provision for the injection of renewable gases, was approved by the Minister.

We also participated in studies into the feasibility and options for importing LNG.

Critical Contingency Management

The purpose of the Gas Governance (Critical Contingency Management) Regulations 2008 (CCM Regulations) is to achieve the effective management of critical gas outages and other security of supply contingencies, without compromising long-term security of supply.

In July 2024, we made a Recommendation to the Minister to amend the CCM Regulations to improve efficiency and effectiveness. These changes were driven by experience and industry feedback on events and exercises. This also retained the urgent amendments that came into effect on 8 March 2024 removing the Broadlands and Taupō gas gates from the critical contingency threshold limits.

We said we would:

1. Support MBIE through the legislative change process; and
2. Implement proposed changes to the CCM Regulations including consequential changes to existing industry processes.

In September 2024, the Minister accepted our Recommendation to amend the CCM Regulations, and since then we have assisted MBIE through the legislative process. MBIE is currently working with the Parliamentary Council Office to draft the Regulations. Once the Regulations have been drafted and consultation with stakeholders is complete, we will implement the changes and update industry and operational processes.



We have now developed an updated set of gas Consumer Care Guidelines to align with the electricity Consumer Care Obligations, while recognising the differences between the gas and electricity markets.

We completed an update of the Guidelines for Determining Regional Critical Contingencies to improve readability, update the network configuration schematics, and add a sixth critical contingency scenario.

One regional critical contingency event occurred during FY2025. On 25 September, a breach of the pressure threshold was caused after a pipeline integrity gauge, used for pigging the transmission pipeline in the area, deviated from its intended course and became lodged in the inlet piping at the Mount Maunganui gas gate. The issue was resolved with no material impact on consumers.

Guidelines to Enhance Consumer Outcomes

We currently have three sets of guidelines to enhance consumer outcomes for:

- Dealing with vulnerable gas consumers;
- Raising consumer awareness of the Utilities Disputes and Powerswitch services; and
- Managing saves and winbacks behaviour in the gas market.

These guidelines were developed to align with similar arrangements in the electricity sector.

We committed to reviewing the gas Consumer Care Guidelines and to determine if changes were appropriate. This review was deferred to allow us an opportunity to consider the final form of the electricity Consumer Care Guidelines, following the completion of the Electricity Authority's process to make the electricity guidelines mandatory.

We said we would:

1. Review retailer feedback on the guidelines and feedback from the Electricity Authority's review of equivalent guidelines for electricity retailers, to consider whether any changes are appropriate; and
2. Assess retailer and distributor alignment with the guidelines.

The mandatory electricity Consumer Care Obligations came into partial force on 1 January 2025, and full force on 1 April 2025.

We have now developed an updated set of gas Consumer Care Guidelines to align with the electricity Consumer Care Obligations, while recognising the differences between the gas and electricity markets.

In August 2025, we will open consultation as part of a further round of industry engagement, to seek stakeholder's views of the amended guidelines. We will also confirm the timeframe for our next assessment of gas retailer's alignment to the amended guidelines.

Advanced Gas Metering

In November 2024, we made a Recommendation to the Minister to amend the Downstream Reconciliation Rules and Switching Rules to ensure gas governance arrangements remain fit for purpose as technology, gas supply and commercial arrangements evolve in the downstream gas market.

We said we would:

1. Finalise drafting for changes to the Reconciliation Rules and Switching Rules;
2. Document the functional changes required to industry systems and processes;
3. Go-live with amended rules and implement functional changes, and begin transition period for other process changes; and
4. Complete non-regulatory work prioritised by the advanced gas metering infrastructure working group from the issues paper.

Our Recommendation to the Minister to amend the Downstream Reconciliation Rules and Switching Rules was approved in February 2025.

We have engaged with MBIE and industry to draft the rule amendments and detailed specifications required to implement the system changes.

We expect the implementation of the regulatory and non-regulatory changes to begin in FY2026.

We have consulted with industry on the potential introduction of additional Gas Information Exchange Protocols. Some of the proposed protocols relate to the rollout of advanced gas meters and the more granular data provided by these meters.

Retail Gas Contracts Oversight Scheme

The Retail Gas Contracts Oversight Scheme (Scheme) is used to assess retailer's contracts with residential and small commercial/industrial consumers, against a series of Benchmarks and Reasonable Consumer Expectations. Reviews are undertaken by an Independent Assessor, usually on a three-yearly basis.

In FY2024, a review of the Scheme's Benchmarks and Reasonable Consumer Expectations was initiated in light of changes to industry processes (e.g. Consumer Care Guidelines) and legislative changes.

We said we would:

1. Implement (including further engagement on and consultation with industry participants as appropriate) any proposed amendments arising from the FY2024 review of Benchmarks and Reasonable Consumer Expectations;
2. Review new-entrant retail contracts, as requested; and
3. Provide information to new entrant retailers to help them understand their obligations and the governance processes.

We concluded our review of the voluntary Scheme's Benchmarks and Reasonable Consumer Expectations, and concluded that no changes were needed. This decision was informed by submissions received through our consultation process, the last assessment report, feedback from the Independent Assessor, and insights from previous assessments.

We will monitor the review of the gas Consumer Care Guidelines to determine if this results in any consequential impacts for the Scheme's Benchmarks and Reasonable Consumer Expectations.

We have been available to provide information to new entrant retailers and review new-entrant contracts as required.

Gas Distribution Contracts Oversight Scheme

The Gas Distribution Contracts Oversight Scheme (Scheme) is an industry-agreed scheme to assess standard contracts between gas distributors and gas retailers against a set of principles. Assessments are undertaken on an exceptions basis, as contracts are revised or replaced.

In FY2024, Firstgas advised that it had developed a new distribution contract and we commenced an assessment.

We said we would:

1. Complete an assessment of the new Firstgas distribution contract; and
2. Action any changes to the Scheme that are necessary to improve its effectiveness and to ensure that the principles continue to be appropriate.

We appointed an Independent Assessor to undertake an assessment of the new Firstgas Use-of-System Agreement, against the Gas Distribution Contracts Oversight Scheme. The Independent Assessor's report found the Firstgas Agreement is, overall, 'substantially' aligned with the principles of the Scheme.

We also commenced a review of a new Vector use-of-system agreement and found it closely aligned with the Firstgas agreement, suggesting some consensus between distributors regarding use-of-system agreements. We are assessing the Vector agreement to better understand the materiality of any differences with the Firstgas agreement, with a view to streamlining the assessment process for industry participants.

Downstream Reconciliation/D+1

The Reconciliation Rules establish a set of uniform processes that enable fair, efficient, and reliable downstream allocation, and reconciliation of downstream gas quantities. The Reconciliation Rules also provide for the appointment of the Allocation Agent (currently Transpower subsidiary, EMS), who is responsible for operating the allocation system.

We carry out business-as-usual activities such as appointing and managing the Allocation Agent, commissioning audits and investigating unallocated gas.

We said we would:

1. Complete the regulatory process to codify D+1 in the Reconciliation Rules; and
2. Ensure alignment of allocation system and processes with market changes (D+1, advanced metering, renewable gases).

During FY2025, we implemented several non-regulatory changes to make improvements to file delivery mechanisms for allocation participants and to initiate steps to provide third party access to gas connection information.

In November 2024, we made a Recommendation to the Minister to amend the Reconciliation Rules to ensure gas governance arrangements remain fit for purpose as technology, gas supply and commercial arrangements evolve in the downstream gas market. The recommendation was approved in February 2025.

In FY2026 we will liaise with MBIE and industry on the drafting of the rule amendments and detailed specifications for the implementation of the system changes.

Switching and Registry

The Switching Rules establish a set of gas switching and registry arrangements that enable consumers to choose and alternate, efficiently and satisfactorily, between competing retailers. The Switching Rules provide for a centralised database, the gas registry, which stores key technical parameters about every customer installation, and facilitates and monitors each customer switch from initiation through to completion.

The Switching Rules also provide for the appointment of a Gas Registry Operator. The current Gas Registry Operator contract is due to expire in 2028.

We said we would:

1. Assess options for the Registry Operator contract with a view to deciding whether to extend the existing contract or undertake a procurement process;
2. Assess the ongoing performance of the Switching Rules (including changes necessitated from the rollout of advanced gas meters);
3. Monitor and report on switching statistics;
4. Make determinations under the Switching Rules as required;
5. Commission performance and event audits as required; and
6. Follow up on any issues identified in the switching audits.

We extended our contract with Jade Software to continue performing the Registry Operator role for a further three years, until 2028. This followed a Registry Operator audit which was completed at the end of 2024. The audit demonstrated that Jade provides a stable system that meets the functional and service expectations of its stakeholders, and is managed in a considered manner.

In November 2024, we made a Recommendation to the Minister to amend the Switching Rules, and this was approved in February 2025.

In FY2026 we will liaise with MBIE and industry on the drafting of the rule amendments and detailed specifications for the implementation of the system changes.

We have continued to manage the contract with the Registry Operator, assess the ongoing performance of the Switching Rules, and monitor and report on switching statistics.

Compliance and Enforcement

The Compliance Regulations provide for monitoring and enforcement of the other gas governance rules and regulations. The compliance arrangements are designed as an efficient, low-cost means of determining or, where appropriate, settling rules and/or regulation breaches that raise material issues.

We said we would:

1. Perform the Market Administrator role;
2. Assess the ongoing performance of the Compliance Regulations;
3. Assist Investigator and Rulings Panel as required; and
4. Monitor compliance trends for indications of regulatory inefficiency.

We continued to perform the role of Market Administrator under the Compliance Regulations. This has included the continuation of our regular programme of audits.

Overall, the industry continues to demonstrate a high level of compliance with the specified gas governance rules and regulations, with breach allegations over the last year mainly minor breaches of the Switching and Reconciliation Rules.

Information Disclosure

The Gas (Facilities Information Disclosure) Rules 2022 (Disclosure Rules) provide for:

- The disclosure of information regarding an unplanned outage or planned outage at a gas production facility or a gas storage facility; and
- The disclosure of information to the industry body, enabling it to monitor compliance with these rules.

We said we would:

1. Review performance of the Disclosure Rules including disclosing party compliance.

We have completed our annual assessment of gas production forecasts and compliance with the Disclosure Rules. Gas producers and gas storage owners are required to make public disclosures through the online Outage Disclosure Platform (which we established and maintain) as well as annual monitoring disclosures and compliance certificates, which are required in April each year.

Having completed the 2024/2025 information reporting and certification cycle under the Disclosure Rules, we found that there were no unexplained discrepancies in actual production compared to the forecast data provided for the period reviewed. The Disclosure Rules appear to be generally operating as intended.

We have continued to work with gas producers and gas storage owners to improve their awareness of, and to ensure compliance with, their obligations under the Disclosure Rules.

Gas Transmission

The Gas Act and Government Policy Statement provide that we have oversight of access to, and use of, gas transmission pipelines.

The suitability of transmission arrangements during the energy transition is a matter that will require further consideration, including by our energy transition workstream.

We said we would:

1. Consider any emerging issues regarding the suitability of transmission arrangements during the energy transition;
2. Monitor asset management plans for gas transmission and report on any significant matters;
3. Assess any proposed changes to the transmission codes, including changes arising from Firstgas's consideration of its approach to transmission pricing; and
4. Review transmission pipeline interconnections as required, address any concerns regarding reasonable access, and amend the guidelines as required.

We expect the suitability of the gas transmission arrangements during the energy transition to be impacted by matters such as reduced field production and industrial demand, and industry work to consider the importation of LNG.

Gas Industry Co has been involved in these matters, but the implications for the current transmission arrangements and their continued suitability is currently unclear.

No new interconnections or changes to the transmission codes were referred to Gas Industry Co during this period.

Review of Existing Levy Methodology

The Gas Act provides for a levy on industry participants to fund the activities of Gas Industry Co (as industry body) pursuant to the Gas Act. The levy is implemented through annual regulations following industry consultation.

Gas Industry Co's existing levy method:

- Is based on a set of Levy Principles, summarised as economic efficiency, beneficiary pays, rationality, simplicity, equity, and revenue sufficiency; and

- Has two components: a wholesale component and a retail component. These components are apportioned according to the cost allocated to each part of the annual work programme and are apportioned among levy payers pro rata, using either their wholesale levy volumes or ICP market shares. For example, in years when the work programme focuses on retail issues, the retail levy rate will increase while the wholesale levy rate will decrease.

These arrangements have remained unchanged since 2007. However, a decline in forecast wholesale levy volumes is likely to lead to a scenario where wholesale levy rates need to increase to an unsustainable level, in order to continue to fund our work programme.

We said we would:

1. Review Gas Industry Co's levy funding method, explore any viable alternatives, and consult with industry.

We reviewed our current levy funding method.

As part of this, we carried out an exercise to determine the portion of time staff spend working on gas governance arrangements vs time spent on other work. In FY2026, this resulted in \$900,000 being reallocated from the levy to market fees. The reallocation of salary costs resulted in a reduced levy funding requirement of \$3,410,198 in FY2026 (\$4,422,758 in FY2025).

In our view, this reallocation of salary costs more accurately reflects the allocation of staff time and effort across our various activities, and avoids the situation where wholesale levy rates would have needed to increase to an unsustainable level in order to continue to fund our work programme.

Statement of Intent and Annual Report

The Gas Act requires the industry body to provide its Annual Report to the Minister within three months of the end of the financial year (the Minister then tables it in the House of Representatives). Similarly, our annual Statement of Intent (SOI) is required to

be submitted to the Minister for comment prior to being finalised and published.

We said we would:

1. Prepare and publish the SOI to meet statutory timeframes;
2. Provide the draft SOI to the Minister for comment prior to publication; and
3. Prepare and publish the Annual Report and meet requirements for tabling in Parliament.

The draft Statement of Intent 2026–2028 was provided to the Minister for comment before publication.

The final Statement of Intent 2026–2028 was delivered to the Minister on 1 July 2025, published on our website along with the FY2026 levy regulations, and gazetted.

We intend to deliver and publish the Annual Report to the Minister by 30 September, meeting requirements for tabling it in Parliament.

Other Reporting

We are required by the Gas Act to report on the present state and performance of the gas industry. We do this through a number of publications, including switching statistics, quarterly reports, and industry performance measures.

We said we would:

1. Prepare and publish quarterly reports, switching statistics, and industry performance measures; and
2. Continue engagement and communications for interested stakeholders.

We have continued to prepare and publish quarterly reports and provide switching statistics and industry performance measures on the data section of our website.

We have continued to engage and communicate with interested stakeholders via our regular News Bulletins, and through industry workshops and consultations.

A series of white, stylized wavy lines arranged in a grid-like pattern, resembling water ripples or a decorative border, set against the orange background.

Work programme achievements against GPS objectives and outcomes

Alignment with government policy objectives and outcomes

Our strategic objectives – to facilitate gas governance and markets that deliver gas in a safe, efficient, fair, reliable, and environmentally sustainable manner, act as a trusted advisor to government and industry, and facilitate the industry through the energy transition – are aligned with the objectives and outcomes contained in the Gas Act and Government Policy Statement on Gas Governance (GPS). Our diverse workstreams help us move toward meeting those objectives and outcomes.

In the summary below, we found it helpful to consider our work programme against the Gas Act and GPS Outcomes Assessment Criteria (Table 1) under the five category headings shown in Categorisation of Assessment Criteria (Table 2). This approach is designed to avoid duplication.

GIC Work Programme FY2025 and future areas of work	Gas Act, GPS Objectives and Outcomes alignment				
	Efficiency	Reliability	Safety	Environment	Fairness
Gas Transition Plan	✓	✓	✓	✓	✓
Energy Transition	✓	✓	✓	✓	✓
Critical Contingency Management	✓	✓	✓	✓	✓
Guidelines to Enhance Consumer Outcomes	✓	●	●	●	✓
Advanced Gas Metering	✓	●	●	●	●
Retail Gas Contracts Oversight Scheme	✓	●	●	●	✓
Gas Distribution Contracts Oversight Scheme	✓	●	●	●	✓
Downstream Reconciliation/D+1	✓	●	●	●	✓
Switching and Registry	✓	●	●	●	✓
Compliance and Enforcement	✓	✓	✓	✓	✓
Statement of Intent and Annual Report	✓	✓	●	●	✓
Other Reporting	✓	✓	●	●	✓
Information Disclosure	✓	✓	●	●	✓
Gas Transmission	✓	✓	✓	●	✓
Review of Existing Levy Methodology	✓	✓	●	●	✓

Table 1 – Gas Act, GPS Objectives and Outcomes Assessment Criteria

Criterion	Objective/Outcome	Text
1	Gas Act s43ZN(a)	The principal objective is to ensure that gas is delivered to existing and new customers in a safe, efficient, and reliable manner
2	Gas Act s43ZN(b)(i)	Facilitation and promotion of the ongoing supply of gas to meet New Zealand's energy needs, by providing access to essential infrastructure and competitive market arrangements
3	Gas Act s43ZN(b)(ii)	Barriers to competition in the gas industry are minimised
4	Gas Act s43ZN(b)(iii)	Incentives for investment in gas processing facilities, transmission, and distribution are maintained or enhanced
5	Gas Act s43ZN(b)(iv)	Delivered gas costs and prices are subject to sustained downward pressure
6	Gas Act 43ZN(b)(v)	Risks relating to security of supply, including transport arrangements, are properly and efficiently managed by all parties
7	Gas Act s43ZN(b)(vi)	Consistency with the Government's gas safety regime is maintained
8	GPS Item 12(a)	Energy and other resources used to deliver gas to consumers are used efficiently
9	GPS Item 12(b)	Competition is facilitated in upstream and downstream gas markets by minimising barriers to access to essential infrastructure to the long-term benefit of end users
10	GPS Item 12(c)	The full costs of producing and transporting gas are signalled to consumers
11	GPS Item 12(d)	The quality of gas services where those services include a trade-off between quality and price, as far as possible, reflect customers' preferences
12	GPS Item 12(e)	The gas sector contributes to achieving the Government's climate change objectives as set out in the New Zealand Energy Strategy, or any other document the Minister for Energy may specify from time to time, by minimising gas losses and promoting demand-side management and energy efficiency
13	GPS Item 9	It is also the Government's objective that Gas Industry Co takes account of fairness and environmental sustainability in all its recommendations. To this end, the Government's objective for the entire gas industry is as follows: To ensure that gas is delivered to existing and new customers in a safe, efficient, fair, reliable and environmentally sustainable manner

Table 1 – Gas Act, GPS Objectives and Outcomes Assessment Criteria (continued)

Criterion	Objective/Outcome	Text
14	GPS Item 13 point 1	Pursue: An efficient market structure for the provision of gas metering, pipeline and energy services
15	GPS Item 13 point 2	Pursue: The respective roles of gas metering, pipeline and gas retail participants are able to be clearly understood
16	GPS Item 13 point 3	Pursue: Efficient arrangements for the short-term trading of gas
17	GPS Item 13 point 4	Pursue: Accurate, efficient and timely arrangements for the allocation and reconciliation of upstream gas quantities
18	GPS Item 13 point 5	Pursue: Gas industry participants and new entrants are able to access transmission pipelines on reasonable terms and conditions
19	GPS Item 13 point 6	Gas governance arrangements are supported by appropriate compliance and dispute resolution processes

Table 2 – Categorisation of Assessment Criteria

	Efficiency	Reliability	Safety	Environment	Fairness
Gas Act	Criterion 1	Criterion 1	Criterion 1		
	Criterion 2	Criterion 2	Criterion 7		
	Criterion 3	Criterion 6			
	Criterion 4				
	Criterion 5				
GPS Objective	Criterion 8			Criterion 8	Criterion 13
	Criterion 9			Criterion 12	
	Criterion 10			Criterion 13	
	Criterion 11				
GPS Outcome	Criterion 14				Criterion 18
	Criterion 15				
	Criterion 16				
	Criterion 17				
	Criterion 19				



Effective co-regulation

Gas Industry Co was established in 2004 and was approved as the gas industry's co-regulatory body under Part 4A of the Gas Act that same year. The company began full operations in 2005 and works with both government and industry stakeholders to develop recommendations on governance arrangements that meet the objectives of the Gas Act and the Government Policy Statement on Gas Governance.

Our oversight encompasses the gas wholesale and retail markets, processing facilities, and the transmission and distribution sectors of the industry.

Stakeholder relations

Gas Industry Co works closely with other regulatory bodies, including the Ministry of Business, Innovation and Employment (MBIE) and the Commerce Commission, whose responsibilities also encompass the gas industry. We maintain regular relationships with many other agencies engaged in the energy and related sectors, including the Electricity Authority, Energy Efficiency and Conservation Authority, Gas Association New Zealand, and Utilities Disputes.

Facilitating industry engagement and debate is an important function for the effective operation of our unique co-regulatory model, especially in these challenging and transformational times. We conduct annual co-regulatory forums to discuss the upcoming year's work programme, upon which the levy is calculated. We also undertake consultations and convene workshops to engage with the industry on issues arising from ongoing workstream activity.

Funding

Gas Industry Co derives its income from wholesale and retail levies and from market fees. We are committed to ensuring that these levies and fees are well justified and used carefully.

We conduct detailed consultation annually between October and March to establish the strategic priorities for the upcoming financial year and, from that, to recommend levies to the Minister for regulatory approval.

Our revenue has remained much the same over recent years (Figure 1), although wholesale levy revenue has been down, due to decreased gas production. Retail and wholesale levies are applied each year to cover the costs of our policy and market administration work. Our revenue includes market fees under each of the rules and regulations to fund the administration of those rules and regulations (including recovery of the costs of external service providers and consultants).



During FY2025, we reviewed our current levy funding method and conducted an exercise to determine the portion of time staff spend working on gas governance arrangements vs time spent on other work. As a result, from FY2026 on, a proportion of salary costs will be reallocated from levy to market fees, to more accurately reflect the allocation of staff time and effort across our various activities. This will help to avoid the situation where wholesale levy rates would need to increase to an unsustainable level in order to continue to fund our work programme.

Our constitution enables the Board to charge shareholders an annual fee. At its November 2016 meeting, the Board approved reducing the annual fee for the FY2017 year and onwards to \$2,000 per shareholder per annum. Shareholders' fees are kept aside as a contingency reserve.

Expenditure

Gas Industry Co's financial year ends on 30 June. Our work programme and associated budget for the forthcoming financial year are developed in a consultation process beginning with the co-regulatory forum for stakeholders in the preceding November/December and concluding the following March with the preparation of a Statement of Intent and the making of a Recommendation to the Minister for levy regulations.

The budget is set to ensure we have sufficient resources to meet our work programme obligations, while recognising the need to be cost effective, as the levy is ultimately incorporated into consumer prices.

As we have more control over what we spend than what we collect in revenue, our financial performance is meaningfully measured by reviewing actual expenditure. As shown in Figure 2, actual expenditure has remained fairly stable over recent years, other than an increase in 2023, which was largely due to the Gas Transition Plan work.

In the year ended 30 June 2025, operating expenses were \$5,127,926, against the Statement of Intent budgeted expenses of \$6,197,608, resulting in a favourable variance of \$1,069,684 or 17.26%.

Gas Industry Co's equity reserve of \$944,355 as at 30 June 2025 has two components – the Industry Advances Reserve of \$64,355 and Retained Earnings of \$880,000.

The Industry Advances Reserve comprises the over/under recovery of levy revenue. The Board's practice has been to return any over-recoveries, subject to retaining adequate capital reserves, as soon as practicable after the annual accounts have been received by shareholders at the company's Annual Meeting.

Retained Earnings are the accumulation of the shareholders' annual fees and are set aside as a reserve against future contingencies. They do not impact on the levy calculation.

Figure 1 – Revenue

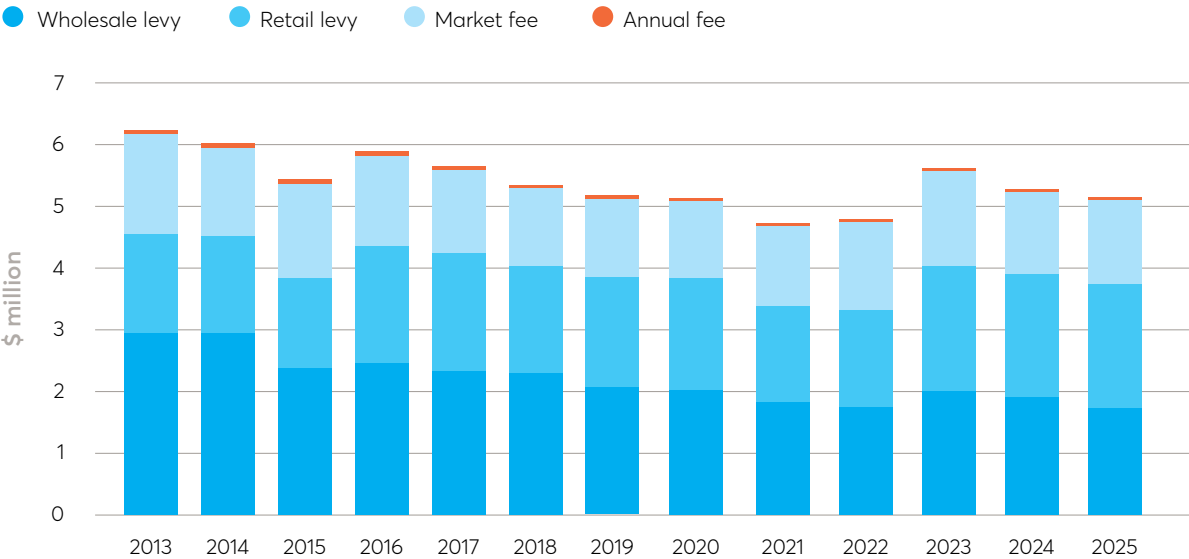
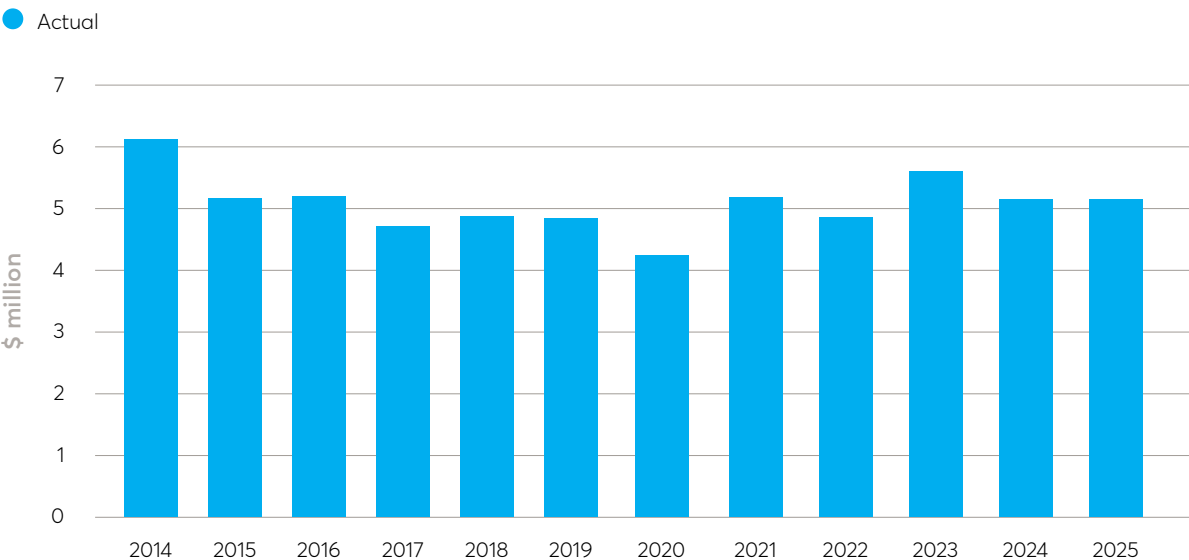


Figure 2 – Operating expenses





A series of five horizontal rows of white, overlapping semi-circular arcs that create a wavy, water-like pattern across the upper half of the page.

Corporate governance

Gas Industry Co is owned by industry participant shareholders and is funded by levies on industry participants.

It is incorporated as a company under the Companies Act 1993 and operates in accordance with the Gas Act, the Government Policy Statement on Gas Governance, and the company's constitution.

Our shareholders represent sectors across the gas industry – production, transmission, distribution, wholesale, retail and consumers. There were 13 shareholders as of 30 June 2025.

Each shareholder holds a \$1 share, which is redeemable at the option of the shareholder. Shareholders are entitled to one vote in a poll on resolutions at shareholders' meetings, including those that appoint directors and change the constitution. Shareholders pay an annual fee set by the Board.

Shareholders

- Contact Energy Limited
- Echelon Resources Limited
- emsTradeport Limited
- First Gas Limited
- Genesis Energy Limited
- Greymouth Gas New Zealand Limited
- Mercury NZ Limited
- Methanex New Zealand Limited
- New Zealand Energy Corp
- Nova Energy Limited
- OMV New Zealand Limited
- Powerco Limited
- Vector Limited

Board of Directors

The Board of Gas Industry Co meets on regularly scheduled occasions to consider operational reports and recommendations from management. Unscheduled meetings are held from time to time to consider matters requiring immediate attention. Directors attend either in person or via teleconference.

The Board is a mix of independent and industry-associated directors, all appointed by the shareholders. Its composition accords with the Gas Act requirement to have the majority of independent directors, including the Chair. This reflects the aim of creating a gas industry co-regulatory body that benefits from industry participation and experience, balanced by a range of independent expertise. The company's constitution limits the Board to no more than seven directors, four of whom are independent of the gas industry. The number of independent directors voting on an issue must exceed the number of industry-associated directors voting on the same matter.

Board committee

The Board has one standing committee, the Independent Directors' Committee, comprising the four independent directors. The Committee addresses matters where the industry-associated directors have potential or actual conflicts of interest.



Echelon



Firstgas



new zealand
ENERGY CORP



Hon Amy Adams

Chair, Independent Director

Appointed 21 November 2024

Amy is a former New Zealand Member of Parliament who served from 2008 to 2020 as a representative of the National Party, including six years in Cabinet. Before entering politics, she had a successful career in law, practicing as a commercial lawyer. Amy is the current Chancellor of the University of Canterbury and holds volunteer positions with St John Ambulance and Melanoma NZ.

Interests Register

No interests relevant to Gas Industry Co



Sam Elder

Deputy Chair, Independent Director

Appointed 24 November 2022

Sam is an energy sector professional who started out leading a spacecraft thermal engineering group in the UK, before moving to NZ in 2006. She has held a range of leadership roles including Retail Insight Manager at Meridian Energy, South Island Director at the Ākina Foundation, and Senior Strategy Manager at Environment Canterbury. She was most recently the General Manager Energy Futures at Orion Energy. Sam has an MSc in Advanced Energy and Environmental Studies and is GARP SCR (Sustainability and Climate Risk) certified.

Interests Register

- Director, Climate Navigator Ltd
- Member, Electricity Authority Advisory Group



Andrew Brown

Independent Director

Appointed 10 June 2010

Andrew is a leading corporate lawyer with over 25 years' experience as a partner at Bell Gully. Since leaving Bell Gully in 2010, he has worked on his own account and as general counsel for both KiwiRail and Housing New Zealand Corporation. He is currently a senior commercial adviser.

Interests Register

No interests relevant to Gas Industry Co



Mike Fuge**Industry-Associated Director***Appointed 16 March 2020*

Mike has over 30 years' experience in the energy sector which has included 19 years with Shell International in upstream oil and gas production over a range of countries in Europe, the Middle East and Southeast Asia. He is currently Chief Executive Officer of Contact Energy, having previously headed up Refining NZ Ltd and Pacific Hydro Ltd (based out of Melbourne).

Interests Register

- Chief Executive Officer, Contact Energy Limited

**Babu Bahirathan****Industry-Associated Director***Appointed 12 March 2021*

Babu has over 35 years' experience in the energy sector. He is currently Chief Executive Officer of Nova Energy, responsible for the Wholesale and Retail Gas and Electricity business at Todd Corporation, having played a major role in developing and managing the electricity business since joining in 1999. Prior to this, Babu held a variety of roles at Transpower NZ, including planning, development, design, operations, pricing and new investments.

Interests Register

- Chief Executive Officer, Nova Energy
- Director of various other Todd Corporation subsidiaries

**Paul Goodeve****Industry-Associated Director***Appointed 21 June 2021*

Paul was appointed as the first Chief Executive Officer of the Firstgas Group in 2016. He has significant experience across the infrastructure sector. Prior to joining Firstgas Group, he spent 12 years in various regulatory, legal, pricing, commercial, business development and operations roles at Powerco, New Zealand's second largest electricity and gas distributor. Paul is a member of the Institute of Directors. He is currently a Director of Ara Ake.

Interests Register

- Chief Executive Officer, Clarus Group of Companies
- Director, Ara Ake
- Director, Harmony Energy NZ Ltd and HENZ MIDCO Ltd
- Officer, Business Leaders Health and Safety Forum Incorporated



Other Directors who served during the year

Rt Hon James (Jim) B Bolger, ONZ Chair, Independent Director

Appointed 4 November 2004

Resigned 30 September 2024

Interests Register

No interests relevant to Gas Industry Co

Sir Brian Roche, KNZM Independent Director

Appointed 1 November 2023

Resigned 31 October 2024

Interests Register

No interests relevant to Gas Industry Co

Alternate Directors

Charles Teichert

Appointed 13 April 2021

Interests Register

- Alternate for Mr Bahirathan
- Officer, Nova Energy Limited

Ben Gerritsen

Appointed 21 June 2021

Interests Register

- Alternate for Mr Goodeve
- Officer, Firstgas Group
- Chair, GasNZ
- Director, Bioenergy Association of New Zealand

Chris Abbott

Appointed 20 October 2021

Interests Register

- Alternate for Mr Fuge
- Officer, Contact Energy Limited
- Director, ERGANZ (Electricity Retailers' and Generators' Association of New Zealand)

Attendance

The Board met on 10 occasions during the year ended 30 June 2025. At other times, matters that required the Board's attention were addressed by circular resolutions.

Directors	Meetings attended
A Adams	5
J Bolger	2
S Elder	9
A Brown	10
B Roche	2
M Fuge	7
B Bahirathan	9
P Goodeve	10

Alternate Directors	Meetings attended
C Teichert	1
C Abbott	3
B Gerritsen	–

Directors' remuneration

Directors' remuneration is authorised by ordinary resolution of shareholders and is paid to the independent directors only.

The current maximum level of directors' fees, being \$275,000, was authorised by shareholders in 2004. Annual fee payments of \$93,500 for the Chair, \$63,360 for the Deputy Chair, and \$52,800 for the other independent directors were set by the Board in June 2007. Directors' remuneration payments in respect of the year ended 30 June 2025 were:

Directors	\$
A Adams	44,367
J Bolger	31,167
A Brown	52,800
S Elder	53,680
B Roche	22,000
M Fuge	–
B Bahirathan	–
P Goodeve	–

Indemnification of directors

As permitted by the constitution and the Companies Act 1993, Gas Industry Co has indemnified its directors and has provided directors' liability insurance for officers and directors. This insurance and indemnity is with respect to potential liabilities and costs they may incur for acts or omissions in their capacity as directors and officers.

During the financial year, Gas Industry Co paid insurance premiums in respect of directors' and officers' liability insurance.

Annual Meeting

Gas Industry Co's Annual Meeting was held on 21 November 2024.

In her address to the meeting, Independent Director and Chair of the meeting, Sam Elder, noted the following points:

- For the first time since the co-regulatory model was introduced, we saw gas supplies drop below flexible demand. There was not enough gas for everyone who was prepared to pay normal prices for it. Prices rose and some industrials stopped production.

- More gas is needed. Changes to the Crown Minerals Act are intended to increase confidence for investment, LNG is being investigated as an insurance policy for dry years, and biogas could provide a long-term option for decarbonising residential and small commercial consumption.
- The company once again has another ambitious work programme ahead.
- The Chair thanked the Chief Executive, Gas Industry Co staff and her fellow directors for their work during the year. She specifically acknowledged Sir Brian Roche who had stepped down after one year on the Board. She also made special mention of Rt Hon Jim Bolger who stepped down after 20 years, for his delivery of the co-regulatory model and many years of dedicated service to the Board.
- The Chair noted the Board's gratitude to the company's shareholders for their ongoing support and engagement and looked forward to another productive year of work.

Delegations

The Board delegates to the Chief Executive the right to exercise all the financial powers of the Board in relation to the operation of Gas Industry Co in accordance with any applicable Board policies and directives, as well as defined financial delegations for business operations. The Board reserves to itself certain powers, including the approval of strategic and business plans, budgets, accounting policies and other financial matters, and transactions or contracts over specified thresholds.

Executive

Gas Industry Co has a small Senior Management Team and a total staff of around 10 who deliver the company's strategy and work programme.

Andrew Knight, BMS (Hons), CA

Chief Executive

Andrew Knight commenced as Chief Executive in March 2018. Before that he was Chief Executive of New Zealand Oil & Gas for five years. Andrew has held a range of roles across the energy sector in New Zealand and Australia as a listed and unlisted Company Director, Chief Executive Officer and Executive Manager. Andrew is also a Director or Chairman of several iwi investment organisations.



Susan Dunne, LLB, BCA, CA

General Manager Corporate Services and Company Secretary

Susan joined Gas Industry Co in April 2013 as Senior Legal Counsel. She was appointed Company Secretary in 2014 and General Manager Corporate Services in May 2017. As well as providing legal and company secretarial services to Gas Industry Co, Susan leads the Corporate Services team responsible for administrative support functions including finance, technology, human resources, risk and property management.

Before joining Gas Industry Co, Susan worked as both Legal Counsel and Tax Manager at Westpac New Zealand Limited. Susan began her career with PwC in Wellington.



Employee remuneration and benefits

Employees receiving remuneration and related benefits over \$100,000 per annum:

Year ended 30 June 2025

\$110,001–\$120,000	1
\$180,001–\$190,000	1
\$190,001–\$200,000	1
\$200,001–\$210,000	1
\$210,001–\$220,000	1
\$260,001–\$270,000	1
\$540,001–\$550,000	1

Business governance and corporate responsibility

Gas Industry Co maintains a comprehensive suite of policies and procedures to govern behaviour and ensure employee wellbeing. These include:

Code of conduct and ethics

We expect our people to act ethically, safely and legally at all times in conducting the company's business, and to comply with the four principles of conduct outlined in the Code, as well as any ethical standards applying to them by virtue of their membership of a professional body.

Conflicts of interest

Employees must inform Gas Industry Co in writing where they enter into any business arrangement or have personal interests that may conflict with either the company's business or affect the full, effective, and impartial discharge of the employee's obligations with the company as the industry body and co-regulator.

Independent directors and employees have restrictions on ownership of interests in industry participants.

Harassment policy

We are committed to providing a work environment for our staff which is free from harassment, where staff are treated with dignity and respect.

Gas Industry Co has a zero tolerance for harassment and considers any form of harassment to be unacceptable. We will take all practical steps to eliminate harassment and are committed to resolving issues of harassment as early as possible.

Gifts and hospitality

We require that our employees do not solicit, accept or offer money, gifts, favours, or entertainment that might influence, or appear to influence, their business judgment, particularly given the company's role as the industry body and co-regulator.

Health and safety

Gas Industry Co is committed to providing and maintaining a safe and healthy work environment for employees and visitors to its premises.

Our Health and Safety Policy is set by the Board and includes a goal of zero harm with a range of initiatives designed to support employee health and well-being.

Confidential information and privacy

This policy provides that employees must protect the privacy of our confidential business information, except as permitted or required by law.

Risk management

Gas Industry Co's Risk Management Policy is set by the Board and includes an enterprise risk register to record and mitigate strategic, operational, and physical risks that could affect our business. We also maintain business continuity and emergency preparedness plans. The management team reviews the company's enterprise risk register each month and the register is presented to the Board each quarter.

Financial statements

Directors' Report

The Board of Directors have pleasure in presenting the annual report of Gas Industry Company Limited, incorporating the financial statements and the auditors' report, for the year ended 30 June 2025.

The Board of Directors of the Company authorised these financial statements and the statement of service performance presented on pages 48 to 68 for issue on 21 August 2025.

For and on behalf of the Board.



Hon Amy Adams
Chair

21 August 2025



Sam Elder
Deputy Chair

21 August 2025

Independent Auditor's Report

To the shareholders of Gas Industry Company Limited (Company)

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial report which comprises:

- the statement of financial position as at 30 June 2025;
- the statements of comprehensive revenue and expense, changes in equity and cash flows for the year then ended;
- notes, including a summary of significant accounting policies; and
- the statement of service performance on pages 60 to 68.

In our opinion, the financial statements of Gas Industry Company Limited (the Company) on pages 48 to 68 present fairly in all material respects:

- the Company's financial position as at 30 June 2025 and its financial performance and cash flows for the year ended on that date;
- the service performance for the year ended 30 June 2025 in accordance with the company's service performance criteria;

in accordance with Public Benefit Entity Standards Reduced Disclosure Regime (Not For Profit) issued by the New Zealand Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of Gas Industry Company Limited in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) and NZ AS 1 are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

Other than in our capacity as auditor we have no relationship with, or interests in, the company.

Other information

The Directors, on behalf of the company, are responsible for the other information included in the entity's Annual Report. Our opinion on the financial report does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report our responsibility is to read the other information and, in doing so, consider whether the other information

is materiality inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees, accept or assume any responsibility and deny all liability to anyone other than the shareholders for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of Directors for the financial report

The Directors, on behalf of the Company, are responsible for:

- the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being Public Benefit Entity Standards Reduced Disclosure Regime (Not for Profit)) issued by the New Zealand Accounting Standards Boards;
- implementing the necessary internal control to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error; and
- service performance criteria that are suitable in order to prepare service performance information in accordance with generally accepted accounting practice in New Zealand (being Public Benefit Entity Standards Reduced Disclosure Regime (Not for Profit)); and

- assessing the ability Company to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but it is not a guarantee that an audit conducted in accordance with ISAs NZ and NZ AS 1 will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board (XRB) website at: www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-8/

This description forms part of our independent auditor's report.



KPMG
Wellington

21 August 2025

Gas Industry Company Limited

Statement of Comprehensive Revenue and Expenditure

for the year ended 30 June 2025

	Notes	2025 (\$)	2024 (\$)
Revenue			
Operating income	4	5,126,384	5,258,689
Interest income		53,141	42,971
Net income		5,179,525	5,301,660
Expenditure			
Operating expenditure	5	5,127,926	5,128,056
		5,127,926	5,128,056
Surplus/(deficit) before tax		51,599	173,604
Income tax expense	6	14,879	12,032
Surplus/(deficit) for the year		36,720	161,572
Other comprehensive revenue and expenditure		–	–
Total comprehensive revenue and expenditure for the year		36,720	161,572

The accompanying notes form an integral part of these financial statements.

Gas Industry Company Limited

Statement of Changes in Equity

for the year ended 30 June 2025

	Industry reserves (\$)	Retained earnings (\$)	Total equity (\$)
<i>Balance at 1 July 2023</i>	(83,937)	830,000	746,063
Total comprehensive revenue and expenditure for the year			
Surplus/(deficit) for the year	–	161,572	161,572
Other comprehensive revenue and expenditure	–	–	–
Total comprehensive revenue and expenditure for the year	–	161,572	161,572
Transfer between equity reserves			
Industry Advances Reserve transfers	137,572	(137,572)	–
Balance at 30 June 2024	53,635	854,000	907,635
<i>Balance at 1 July 2024</i>	53,635	854,000	907,635
Total comprehensive revenue and expenditure for the year			
Surplus/(deficit) for the year	–	36,720	36,720
Other comprehensive revenue and expenditure	–	–	–
Total comprehensive revenue and expenditure for the year	–	36,720	36,720
Transfer between equity reserves			
Industry Advances Reserve transfers	10,720	(10,720)	–
Balance at 30 June 2025	64,355	880,000	944,355

The accompanying notes form an integral part of these financial statements.

Gas Industry Company Limited

Statement of Financial Position

as at 30 June 2025

	Notes	2025 (\$)	2024 (\$)
ASSETS			
Current assets			
Cash and cash equivalents	7	1,343,337	1,319,439
Trade and other receivables	8	85,315	125,802
Prepayments		75,947	70,388
Income tax receivable	6	–	–
Total current assets		1,504,599	1,515,629
Non-current assets			
Property, plant and equipment		93,060	79,357
Intangible assets		302,297	349,408
Total non-current assets		395,357	428,765
Total assets		1,899,956	1,944,394
LIABILITIES			
Current liabilities			
Trade and other payables	9	690,454	792,655
Employee entitlements		265,134	244,092
Redeemable shares	11	13	12
Total current liabilities		955,601	1,036,759
Total liabilities		955,601	1,036,759
Net assets		944,355	907,635
EQUITY			
Industry reserves	12	64,355	53,635
Retained earnings	12	880,000	854,000
Total equity		944,355	907,635

These financial statements were authorised for issue by the signatories below on 21 August 2025.

On behalf of the Board



Hon Amy Adams
Chair



Sam Elder
Deputy Chair

Gas Industry Company Limited

Statement of Cash Flows

for the year ended 30 June 2025

	2025 (\$)	2024 (\$)
Operating activities		
<i>Cash was provided from</i>		
Levy revenue	3,711,596	3,858,020
Market fee revenue	1,476,756	1,447,189
Annual fees	26,000	24,000
Interest received	53,141	42,971
Net GST	–	6,721
	5,267,493	5,378,901
<i>Cash was applied to</i>		
Payments to suppliers	(2,859,584)	(2,653,997)
Payments to employees	(2,077,929)	(2,149,482)
Payments to directors	(155,562)	(202,658)
Taxes paid	(14,879)	(12,032)
Net GST	(95,905)	–
	(5,203,860)	(5,018,169)
Net cash inflows from operating activities	63,634	360,732
Investing activities		
<i>Cash was applied to</i>		
Purchase of property, plant and equipment	(39,736)	(24,522)
Purchase of intangible assets	–	–
Term deposit	–	–
Net cash outflows from investing activities	(39,736)	(24,522)
Net increase/(decrease) in cash and cash equivalents	23,898	336,210
Opening cash and cash equivalents	1,319,439	983,229
Closing cash and cash equivalents	1,343,337	1,319,439

The accompanying notes form an integral part of these financial statements.

Gas Industry Company Limited

Notes to the financial statements

1. Reporting entity

These financial statements comprise the financial statements of the Gas Industry Company Limited (the "Company") for the year ended 30 June 2025.

Changes to the Gas Act 1992 (the "Act") in late 2004 provided for the co-regulation of the gas industry by the Government and an industry body. The Company was established to fulfil the role of the industry body under the Act and was approved by Order in Council on 22 December 2004.

The Company is a limited liability company incorporated and domiciled in New Zealand and is registered under the Companies Act 1993. The address of its registered office is 149 Featherston Street, Wellington.

The financial statements have been prepared in accordance with the requirements of the Gas Act 1992, the Financial Reporting Act 2013 and the Companies Act 1993.

The principal activity of the Company is to act as a co-regulatory body for the gas industry in New Zealand. This includes making recommendations to the Minister for Energy on a wide range of industry matters, including the making of rules and regulations in relation to the wholesaling, processing, transmission, distribution and retailing of gas.

The financial statements have been approved for issue by the Board of Directors on 21 August 2025.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with the *PBE Accounting Standards* as appropriate for Tier 2 not-for-profit public benefit entities. The company is a Tier 2 reporting entity as it has total expenditure less than \$33 million in the two preceding reporting periods and is not publically accountable. All available exemptions under Tier 2 Reduced Disclosure Requirements have been applied.

(b) Basis of measurement

The financial statements have been prepared on a historical costs basis, except for certain financial assets and liabilities that have been measured at fair value. The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

(c) Presentation currency

The financial statements are presented in New Zealand dollars (\$), which is the Company's functional currency.

(d) Judgments and estimations

The preparation of financial statements in conformity with *PBE Accounting Standards* requires judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Where material, information on significant assumptions and estimates is provided in the relevant accounting policy or will be provided in the relevant note.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

(e) Comparatives

Where management have reclassified items in the financial statements, the related comparative disclosures have been adjusted to provide a like-for-like comparison.

3. Summary of significant accounting policies

(a) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(b) Trade debtors and other receivables

Trade debtors and other receivables are measured at amortised cost using the effective interest method less any impairment losses.

A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable.

Receivables with a short duration are not discounted.

(c) Intangible assets

Software costs, which includes those items classified as "Industry Assets" have a finite useful life. Software costs are capitalised and amortised over an economic useful life of between 4 and 10 years.

"Industry Assets" relate to the databases created and established for the Downstream Reconciliation, Switching and Registry rules and D+1.

(d) Trade creditors and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(e) Employee entitlements

Short-term benefits

Employee benefits that the Company expects to be settled within 12 months of balance date are measured at nominal value based on accrued entitlements at current rate of pays.

These include salaries and wages accrued up to balance date and annual leave earned, but not yet taken at balance date.

The Company recognises a liability and expense for bonuses where they are contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term benefits

The Company does not provide long service leave to employees or members of the governing body and has not entered into any defined benefit/contribution pension plans.

(f) Preference shares

Preference share capital (disclosed as "Redeemable Shares") is classified as a liability if it is redeemable on a specific date or at the option of the shareholders.

(g) Revenue from exchange transactions

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as the principal or agent in a revenue transaction. In an agency relationship only the portion of revenue earned on the Company's own account is recognised as gross revenue in the Statement of Comprehensive Revenue and Expenditure.

The following specific recognition criteria must be met before revenue is recognised.

Levy revenue

Levy revenue comprises amounts received or due in accordance with the applicable Gas (Levy of Industry Participants) Regulations. Levy revenue is recognised when the underlying activities upon which the levy is raised have occurred and the amount of levy revenue can be reliably measured.

Market fee revenue

Market fees raised to recoup the capital and operating costs of implementing gas governance regulations are recognised in conformance with International Public Sector Board standard 9: Revenue from Exchange Transactions in the following manner:

- Market fees to recoup operating costs to be recognised as revenue at the time the invoice is raised as a proxy for recognising it at the time the leviable event occurs.
- Market fees to recover capital costs to be recognised as revenue once the expenditure the fees were raised to cover has been incurred.

Annual fees

Annual fees are recognised when invoiced.

Interest income

Interest income is recognised as it accrues, using the effective interest method.

(h) Revenue from non-exchange transactions

Non-exchange transactions are those where the Company receives value from another entity (e.g. cash or other assets) without giving approximately equal value in exchange. During the year no non-exchange transactions were entered into.

i) Income tax

Taxation expense in the Statement of Comprehensive Revenue and Expenditure comprises current tax charges. Industry participation levies, annual fees and market fees received are not regarded as gross income, in terms of section CB 1 of the Income Tax Act 2007 and therefore are not taxable. Deductions are not available in respect of the costs incurred in providing services.

Current tax charges are based on taxable surplus for the year, which differs from the surplus before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible.

The Company has no material deferred tax balances as the majority of assets and liabilities are used to provide non-taxable activities.

(j) Goods and Services Tax (GST)

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the Inland Revenue is included as part of receivables or payables in the Statement of Financial Position.

(k) Reserves / Equity Policy

The Board holds surplus levy income in a dedicated industry advance reserve for the future reduction of levy income.

4. Operating income	2025 (\$)	2024 (\$)
Wholesale levy revenue	1,702,352	1,890,810
Retail levy revenue	2,007,525	2,015,131
Market fee revenue	1,390,507	1,328,748
Annual fees	26,000	24,000
Total operating income	5,126,384	5,258,689

5. Operating expenditure	2025 (\$)	2024 (\$)
Depreciation and amortisation	73,144	78,984
Operating lease expenses	269,186	313,098
Fees paid to audit firm – financial statement audit	35,925	34,125
Fees paid to audit firm – other services	–	–
Bad debts	–	–
Directors' fees	204,013	259,820
General expenses	348,660	386,127
Recruitment expenses	44,027	23,259
Technical, economic, and legal advice	863,043	712,157
Service provider fees	1,198,460	1,213,032
Kiwisaver contributions	59,757	61,280
Employee benefit expense	2,031,711	2,046,174
Total operating expenditure	5,127,926	5,128,056

6. Income tax	2025 (\$)	2024 (\$)
(a) Income tax expense		
Current year income tax expense	14,879	12,032
Deferred tax movement	–	–
Total income tax expense	14,879	12,032
(b) Reconciliation of current year income tax expense		
Surplus/(deficit) for the year	51,599	173,604
Income tax expense at 28 percent	14,447	48,609
Permanent differences	432	(36,577)
Timing differences	–	–
Current year income tax expense	14,879	12,032
(c) Income tax receivable		
Opening balance	–	–
Tax refunds received	–	–
Current year income tax expense	(14,879)	(12,032)
Income tax paid	14,879	12,032
Closing balance	–	–

The Company has no material deferred tax balances on temporary or permanent timing differences.

7. Cash and cash equivalents	2025 (\$)	2024 (\$)
Bank account	996	997
Interest bearing account	1,342,341	1,318,442
Total	1,343,337	1,319,439

The carrying amount of cash and cash equivalents approximates their fair value.

Cash at bank and the interest bearing account earns interest at floating rates based on daily deposit balances.

8. Trade and other receivables

	2025 (\$)	2024 (\$)
Levy debtors	85,315	125,802
Total	85,315	125,802

9. Trade and other payables

	2025 (\$)	2024 (\$)
Accounts payable	249,181	344,719
Accrued expenses	431,777	384,666
GST payable	9,496	63,270
Total	690,454	792,655

Trade creditors and other payables are non-interest bearing and are normally settled on 30-day terms; therefore the carrying value of trade creditors and other payables approximates their fair value.

10. Related party transactions**(a) Transactions with shareholders**

Levy payments (which are detailed in note 4) are made by industry participants who, in many cases, are also shareholders of Gas Industry Company Limited.

During the year ended 30 June 2025, the Company paid service provider fees of \$356,016 and consulting fees of \$218,800 to Transpower the parent company of emsTradepoint, a shareholder of the Company (2024: \$383,979 and \$78,800 respectively). At 30 June 2025 \$41,191 is included within accounts payable (2024: \$41,191).

(b) Transactions with key management personnel

	2025 (\$)	2024 (\$)
Salaries and other short-term employee benefits	1,005,811	1,031,446

Key management personnel include the Chief Executive, the GM Corporate Services and the four independent Directors.

The above includes remuneration of \$204,013 (30 June 2024 \$259,820) paid and payable to the independent Directors for the year.

11. Redeemable shares

	2025 (\$)	2024 (\$)
Redeemable shares – value in dollars	13	12
Redeemable shares – number	13	12

All redeemable shares rank equally with one vote attached to each fully paid share. The shares are redeemable at any time for the consideration of \$1 payable on redemption. The redeemable shares confer on the shareholders the rights set out in section 36(1) of the Companies Act 1993.

12. Reserves and retained earnings

	2025 (\$)	2024 (\$)
Industry advances reserve	64,355	53,635
Retained earnings	880,000	854,000
Total equity reserves	944,355	907,635
(a) Industry advances reserve		
Opening balance	53,635	(83,937)
Transfer from/(to) retained earnings	10,720	137,572
Closing balance	64,355	53,635

To allow for the timely enactment of the levy regulations each financial year, Gas Industry Company Limited must set its budget and work programme nine months prior to the beginning of that year and prior to the completion of the Strategic Plan. In practice, this requires the company to forecast where it expects to be in the policy development process before it has fully analysed the issues, or engaged with stakeholders on their concerns.

This factor, and the fact that the levy is based in part on variable gas sales volumes, means every year there is a risk of over or under recovery of levy funds.

Section 43ZZC(3) of the Gas Act provides that any over or under recoveries can be taken into account in setting the levy in subsequent financial years. However, to ensure transparency around the calculation of each year's levy, the Board has determined that, unless required for unanticipated, ongoing work programme costs, any surplus should be returned to levy payers by way of refund once the year-end accounts have been received by shareholders at the Annual General Meeting.

The Board holds surplus levy income in a dedicated industry advance reserve and if approved by the Board provides refunds to levy payers.

(b) Retained earnings

	2025 (\$)	2024 (\$)
Opening balance	854,000	830,000
Surplus/(deficit) for the year	36,720	161,572
Transfer from/(to) industry advances reserve	(10,720)	(137,572)
Closing balance	880,000	854,000

13. Contingencies

As at 30 June 2025, the Company has no contingent liabilities (2024: nil). There is an arrangement with Westpac New Zealand Limited whereby Gas Industry Company has a business card facility (limit \$100,000), a payroll letter of credit facility (limit \$180,000), and a bank bond issued in favour of Robt. Jones Holdings Limited for the value of \$143,866.

14. Commitments

(a) Capital commitments

The Company has no material capital commitments (2024: nil).

(b) Operating lease commitments

	2025 (\$)	2024 (\$)
<i>Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:</i>		
Within one year	264,891	254,242
Later than one year but not later than five years	1,324,453	1,271,209
Later than five years	507,707	741,539
Total	2,097,051	2,266,990

(c) Service provider commitments

Service provider agreements for the Downstream Reconciliation, Switching and Registry and Critical Contingency Management Rules are payable as follows:

Within one year	1,175,116	1,011,304
Later than one year but not later than five years	1,182,095	1,441,361
Later than five years	–	–
Total	2,357,211	2,452,665

15. Subsequent events

No significant events, which would materially affect the financial statements, have occurred subsequent to year end that require disclosure or adjustment to the carrying value of assets or liabilities in these set of financial statements.





Consolidated statement of service performance

for the year ended 30 June 2025

This report has been prepared in accordance with PBE FRS 48 Service Performance Reporting. The Board believes that the statements contained in the report accurately reflect the overall performance of Gas Industry Co.

Who are we and why do we exist?

Gas Industry Company Limited (Gas Industry Co) was approved in 2004 as the industry body under Part 4A of the Gas Act 1992 (Gas Act).

Our role as the industry body is to:

- develop arrangements, including regulations where appropriate, which improve:
 - » consumer outcomes;
 - » the operation of gas markets; and
 - » access to infrastructure;
- develop these arrangements with the principal objective to ensure that gas is delivered to existing and new customers in a safe, efficient, reliable, fair and environmentally sustainable manner; and
- oversee compliance with and review such arrangements.

When recommending industry arrangements, Gas Industry Co takes into account the objectives of the Gas Act and the Government Policy Statement on Gas Governance 2008 (GPS).

What do we do?

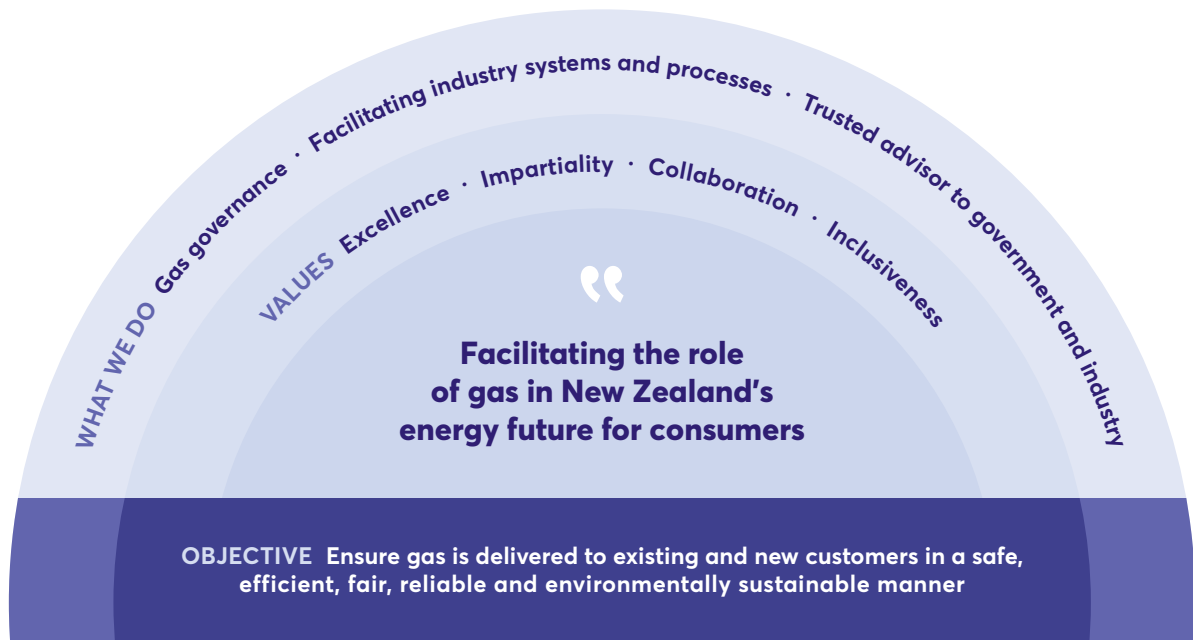
What we do is grouped into three classes of activities. These activities make up our work programme:

- **Gas governance:** The Gas Act and GPS guide us in these activities where we have statutory roles as well as oversight of the industry processes or regulations with the intention of ensuring appropriate activities are being undertaken. Examples of our gas governance roles include the determination of breaches or undertaking compliance audits. Our gas governance roles are normally designed to provide security of supply, build consumer trust, or oversight of competition and markets.
- **Facilitating industry systems and processes:** Gas Industry Co has regulatory defined roles and has undertaken activities where requested by industry to deliver independent or centralised services. Examples of the facilitation role includes a wide set of activities including management of the D+1 model, the gas registry, or reconciliation processes, through to hosting the website for upstream disclosures.
- **Trusted advisor to government and industry:** The trusted advisor role reflects the activities we undertake to inform about the gas industry. This role has become more pronounced as the wider energy sector and government entities have sought to develop their understanding of the changing energy future. Examples include the Supply and Demand studies, engagement with government agencies such as MBIE or the Climate Change Commission, and discussions with industry regarding government processes. It is important to note here that our role is limited to informing, we are not an advocate or lobbyist for industry.

Gas Industry Co's Strategy

Gas Industry Co's strategy includes its core theme of "facilitating the role of gas in New Zealand's energy future for customers". Our core theme recognises that:

- Gas Industry Co's roles are broader than only providing governance;
- Gas has a role in New Zealand's energy future;
- Gas Industry Co has a role in supporting the energy transition;
- Gas includes gases of increasing importance in our energy ecosystem (hydrogen/biogas); and
- Gas Industry Co's regulatory roles are designed to either provide greater security of supply or oversight of competition and markets.



How did we perform?

Class of activities	Work programme	What we said we would do in the SOI
Trusted advisor to government and industry	Gas Transition Plan and Energy Transition	<p>Recommendations from the final Gas Transition Plan may be implemented in FY2025. Recommendations may include any of the following:</p> <ul style="list-style-type: none"> • Blending of renewable gas into gas networks and measures to bring renewable gases into the natural gas market, such as tradeable renewable gas certificates and other market measures; • New regulatory arrangements relating to CCUS; • Measures to support and strengthen gas security of supply, including security for industrial use and electricity.
Gas governance	Review of Existing Levy Methodology	<p>Gas Industry Co's existing levy method has remained unchanged since 2007. However, forecast declining wholesale levy volumes will likely lead to the need to increase wholesale levy rates to an unsustainable level in order to fund our work programme. As such, we sought to review Gas Industry Co's levy funding method, explore any viable alternatives, and consult with industry.</p>
Gas governance	Levy	<p>Carry out the following activities to enable the Gas (Levy of Industry Participants) Regulations 2025 to be in place by 1 July 2025:</p> <ul style="list-style-type: none"> • Hold an annual Co-Regulatory Forum; • Publication of Consultation Paper; • Publish Analysis of Submissions; • Make a Recommendation to the Minister.

What we did**Prior year comparative***

Key issues were being picked up and addressed as part of the Gas Security Response Group. The new Minister for Energy and MBIE are currently in the process of setting up new working groups to deal with these key issues.

One-off project so no prior year comparatives available.

Gas Industry Co has been working with industry in relation to advancing biogas, and in November 2024 we made a Recommendation to the Minister to amend the Gas (Downstream Reconciliation) Rules 2008 (Reconciliation Rules), the Gas (Switching Arrangements) Rules 2008 (Switching Rules), and associated systems, to make provision for (among other things) injection of renewable gases. This recommendation was approved on 7 February 2025. More information can be found on our [website](#).

We reviewed our current allocation practices.

One-off project so no prior year comparatives available.

We carried out an exercise to determine the portion of time staff spend working on gas governance arrangements vs time spent on other work. This resulted in \$900,000 being reallocated from the levy to market fees in FY2026.

The reallocation of salary costs resulted in a reduced FY2026 levy funding requirement of \$3,410,198 (\$4,422,758 in FY2025).

In our view, this reallocation of salary costs more accurately reflects the allocation of staff time and effort across our various activities.

All activities completed. Levy Regulations passed and will come into force on 1 July 2025. Details included on our [website](#).

All activities completed in 2024. The Gas (Levy of Industry Participants) Regulations 2024 were passed and came into force on 1 July 2024 following the same statutory timeframe as the 2024 Regulations.

*The nature of our work programme (being a mixture of one-off and recurring activities) means not all activities have prior year comparatives.

Class of activities	Work programme	What we said we would do in the SOI
Gas governance	Critical Contingency Management	Support MBIE through the legislative change process to amend the CCM Regulations; and implement the proposed changes to the CCM Regulations including consequential changes to existing industry processes.
Gas governance	Advanced Gas Metering	<ul style="list-style-type: none"> • Finalise rule drafting for changes to the Reconciliation Rules and Switching Rules; • Document functional changes required to industry systems and processes; • Go-live of amended rules and implementation of functional changes/begin transition period for other process changes; and • Complete non-regulatory work arising that was prioritised by the Advanced Gas Metering Infrastructure working group from the Advanced Gas Metering Infrastructure issues paper.
Gas governance	Gas Distribution Contracts Oversight Scheme	<ul style="list-style-type: none"> • Complete an assessment of Firstgas's new distribution contract; and • Action any changes to the Scheme that are necessary to improve its effectiveness and to ensure that the principles continue to be appropriate.
Facilitating industry systems and processes	Guidelines to Enhance Consumer Outcomes	<ul style="list-style-type: none"> • Review retailer feedback on the Guidelines, including feedback from the Electricity Authority's review of equivalent guidelines for electricity retailers, and consider whether any changes are appropriate; and • Assess retailer and distributor alignment with the Guidelines.

What we did	Prior year comparative*
<p>We are currently supporting MBIE through the legislative change process to progress amendments to the CCM Regulations. Forecast activities for FY2026 include implementing proposed changes to the CCM Regulations including consequential changes to existing industry processes. Further details can be found on our website.</p>	<p>One-off project so no prior year comparatives available.</p>
<p>In November 2024 we made a Recommendation to the Minister to amend the Gas (Downstream Reconciliation) Rules 2008 (Reconciliation Rules), the Gas (Switching Arrangements) Rules 2008 (Switching Rules), and associated systems, to make provision for advanced gas meters, injection of renewable gases and D+1 (daily allocations). This recommendation was approved on 7 February 2025. More information can be found on our website.</p> <p>In FY2026 we intend to engage with industry on rule drafting and detailed specifications for the implementation of the system changes; consult on and publish guidelines and information exchange protocols; and oversee the go-live of new arrangements and monitoring of new processes (e.g. Unaccounted For Gas allocation and D+1) to ensure they are working effectively.</p>	<p>One-off project so no prior year comparatives available.</p>
<p>During FY2025, Gas Industry Co appointed an independent assessor to undertake a review of Firstgas's standard gas use-of-system agreement, with the independent assessor's report, and Gas Industry Co's response to the report, published on our website.</p> <p>In FY2026 we intend to follow up with retailers on progress towards putting a signed agreement in place; and liaising with distributors regarding any changes to their contracts.</p>	<p>One-off project so no prior year comparatives available.</p>
<p>In February 2024 the decision was made to defer the review of the gas Consumer Care Guidelines and assessment of retailer alignment scheduled for August 2024 following the Electricity Authority's announcement of a decision to review the electricity Consumer Care Guidelines.</p> <p>On 1 January 2025, the Electricity Authority introduced 'Consumer Care Obligations' – a set of minimum standards that apply to a retailer's interactions with residential consumers (and replace their Guidelines). The Obligations are subject to the Electricity Authority's compliance process.</p> <p>We believe that a substantial redraft of the gas Consumer Care Guidelines will be necessary to align with the electricity Consumer Care Obligations, which is expected to be completed in FY2026. Further information is available on our website.</p>	<p>One-off project so no prior year comparatives available.</p>

*The nature of our work programme (being a mixture of one-off and recurring activities) means not all activities have prior year comparatives.

Outlook for 2026 and beyond

The energy sector is in a period of great change and upheaval, which can make forward planning our work programme difficult. We have outlined our indicative activities in as much detail as we currently can, but it is important to recognise the uncertain nature of these workstreams.

Gas governance and facilitating industry systems and processes: work programme themes for 2026 and beyond

Future activity for our gas governance and facilitating industry systems workstreams will focus on:

- reviewing the existing levy methodology and consulting on any changes that may be made following this process;
- undertaking the Retail Gas Contracts Oversight Scheme Benchmark Assessment Report in 2027;
- actioning any network owner changes under the Gas Distribution Contracts Oversight Scheme;
- delivering on our obligations under each of the governance arrangements, for example appointing and managing service providers, monitoring market behaviour, reporting, investigations, and compliance;
- ensuring our governance arrangements and industry systems remain fit-for-purpose as the gas market develops (particularly with respect to the energy transition, the future of the networks, renewable gases, potential market consolidation, further penetration of Advanced Gas Metering Infrastructure and greater availability and granularity of gas market data). This will be implemented using our standard policy development process: issue identification, developing options, industry consultation, statements of proposal and recommendations to the Minister; and
- ensuring industry systems stay up to speed with technological developments, security requirements and IT industry best practice.

Trusted advisor to government and industry: work programme themes for 2026 and beyond

In carrying out roles required by the Government Policy Statement on gas, we provide trusted advice to government and industry about safe, efficient, reliable fair and sustainable delivery of gas to consumers. Issues identified in gas transition workstreams are likely to require further activity in FY2026 and FY2027. Activities that may be part of those workstreams are inherently uncertain and require responsiveness to priorities of government, industry and other regulatory agencies. Indicative activities are currently expected to include:

- assessments of the security of gas supply and investment in gas deliverability;
- analysis of gas markets and the balance between supply and demand;
- monitoring the gas transition and providing early warning and advice about transition issues;
- updating estimated emissions from various uses of natural gas use and the most efficient distribution;
- considering models for allocating constrained gas supply;
- reviewing the LPG market; and
- improved assessment of consumer preferences and effects on consumers of changes in the market.

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