



Consultation on Gas Industry Co FY2027 Work Programme and Levy

SUBMISSIONS CLOSE: 5PM MONDAY 9 FEBRUARY 2026



1. Executive Summary



In consultation with industry, Gas Industry Co develops both an annual work programme and a cost estimate for that work programme. These costs are principally funded through a levy and market fees, the latter imposed under relevant governance rules and regulations.

The FY2027 draft work programme has been framed by the strategic issues that the industry faces, and the work Gas Industry Co is proposing to undertake in FY2027 to address these issues. This highlights where the majority of our focus and effort will be in FY2027.

In addition, we will continue to meet our statutory requirements, and the objectives and outcomes included in the Gas Act 1992 (Gas Act) and the Government Policy Statement on Gas Governance 2008 (GPS).

This paper has been prepared after taking into consideration feedback received on the proposed work programme and costs at the Co-Regulatory Forum held on 27 November 2025. Forum feedback generally supported these proposals.

The proposed FY2027 levy funding requirement is \$2,964,139. The corresponding proposed levy rates for FY2027 are a retail levy of \$4.98 per ICP (based on 304,000 ICPs), and a wholesale levy of 1.7058 cents per GJ of gas (based on a volume of 85 PJ).

Submissions

Written submissions on this Consultation Paper should be provided to Gas Industry Co via email to consultations@gasindustry.co.nz by **5 pm on Monday 9 February 2026**. Please note that submissions received after that time may not be able to be fully considered.

Submissions may be amended at any time prior to the closing date. **All submissions will be published automatically on Gas Industry Co's website after the closing date, other than responses to question 5 which will be treated as confidential and will not be published.** Submitters should discuss any intended provision of other confidential information with Gas Industry Co prior to submitting the information.

Gas Industry Co is happy to meet with any stakeholder who wishes to discuss the proposals in more detail.



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2. Legislative and Strategic Context



2.1 Strategic Context

This is a time of significant change in the energy sector. Gas markets are stressed, and there is not enough supply to meet demand, including an increase in demand for uncontracted gas.

While recent rain has reduced immediate pressure in the energy sector, and the Commerce Commission has approved the Huntly agreement to back up the country's mainly renewable electricity generation, this does not resolve the structural issues that are preventing the gas industry from securing supply in the longer term.

The marked decline in gas production, forewarned by the Gas Industry Company as early as 2019, has occurred faster than expected due to the maturity of our gas fields and lower investment in production.

Constrained gas supplies have coincided with an increase in demand to support electricity generation. Gas has an essential role in supporting the transition to an increased use of renewables, but the rapid decline in gas availability is challenging the ability for this transition to occur in the managed way outlined in the Gas Transition plan of 2023. With limited gas production, the market has been unable to provide security for flexible demand without significantly impacting gas consumers.

This has seen a sharp rise in the price of gas, with industrial and commercial gas customers facing real challenges accessing supply contracts. As a result, many businesses have found themselves effectively forced to switch to higher cost fuel sources, reduce production or close operations entirely.

New Zealand needs more energy to enter the system – in all forms - or the impacts seen to date are likely to continue. There is not a regulatory solution that will address the deficiency in supply.

There is gas in the ground to meet our needs, but investment is needed to develop it. Recent developments may help to improve investor confidence but they are not immediate fixes. These developments include the passing of the Crown Minerals Amendment Bill, the overturning of the 2018 exploration ban and the \$200 million co-investment fund for gas exploration and storage.

The Government is currently exploring supplementing indigenous gas with LNG, with a procurement process underway for the development of an LNG import terminal with possible delivery from 1 June 2027. Announcements in relation to LNG are expected imminently.

Gas will continue to have a long-term role in New Zealand; however, it is clear that the role of gas is transitioning, and we intend to be at the centre of that transition. Our role, as the industry body and co-regulator, is to work with industry and Government to support the goal of a resilient and affordable supply consistent with the energy transition.

Following the release of the Frontier Report, and the Government's response to it, we are moving forward with urgency around the key strategic issues facing the gas industry.

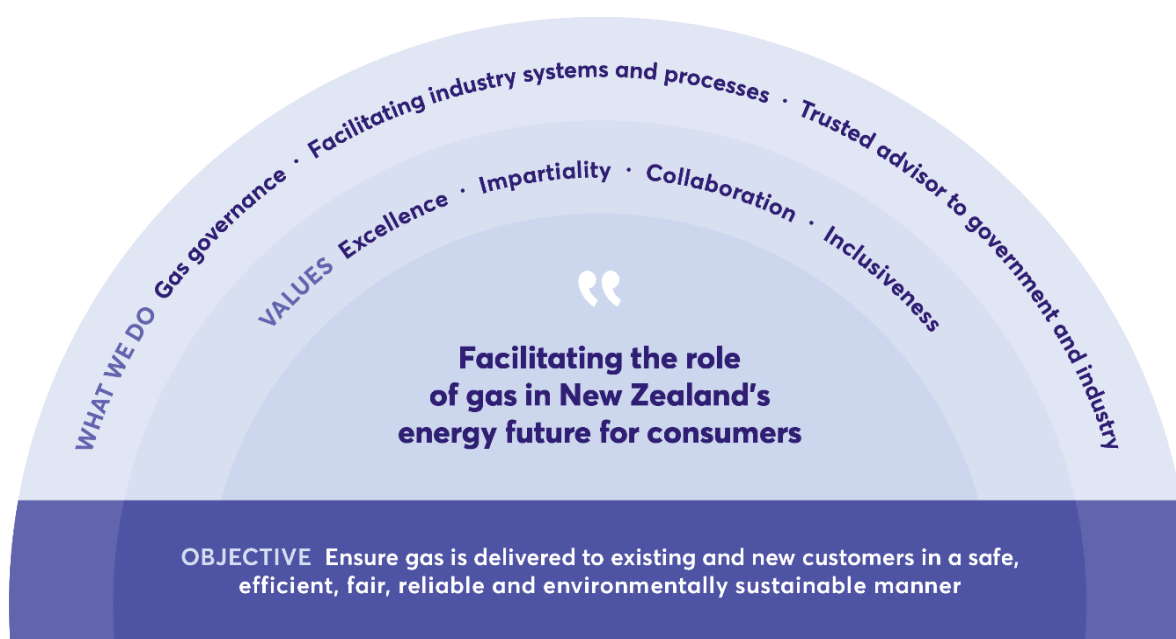
Our stakeholders have always provided crucial insight during this consultation process, and we look forward to your input again this year.

Q1: Do submitters agree with Gas Industry Co's assessment of the strategic context?

2.2 Gas Industry Co's Strategy

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

- Gas Industry Co's role is 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 (LNG/biogas); and
- Gas Industry Co's regulatory roles are designed to either provide greater security of supply or oversight of competition and markets.



3. Developing the Proposed Work Programme



3.1 Work Programme and Levy Setting Process

Gas Industry Co's work programme is developed in a consultation process with industry participants and other stakeholders that commences with an annual Co-Regulatory Forum. This Consultation Paper has taken into consideration feedback received on the draft work programme at the Co-regulatory Forum held on 27 November 2025. Co-Regulatory Forum presentation slides can be found [here](#).

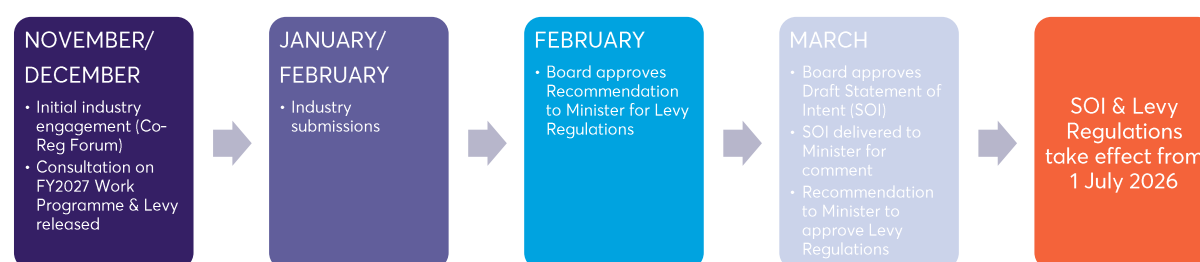
Following the Co-Regulatory Forum, this Consultation Paper is published. Submissions on the Consultation Paper are considered in preparing:

- The Statement of Intent (SOI) for the next financial year (with indicative activity for the subsequent two years in the three-year planning period covered by the SOI); and
- A formal recommendation to the Minister for regulations authorising the levy on industry participants for the ensuing year.

Pursuant to section 43ZZD of the Gas Act, the Minister may accept or reject Gas Industry Co's formal recommendation to make levy regulations. However, in circumstances where the Minister is satisfied that the levy is reasonable, Gas Industry Co has consulted on the levy, and the requirements of sections 43ZZB to 43ZZE of the Gas Act have been met, the Minister must accept the recommendation. Following cabinet and vice-regal approvals, this process culminates in annual levy regulations being promulgated.

Development of a given financial year's work programme starts early in the preceding year to ensure appropriate consultation with stakeholders. Gas Industry Co forecasts the expected or planned endpoint of current year activity to determine what further work, if any, might be necessary for each workstream into the following year.

The following outlines the process undertaken to develop the work programme and levy:



Q2: Do submitters have any comments on the process for developing Gas Industry Co's FY2027 Work Programme and Levy?

4. Proposed FY2027 Work Programme



Gas Industry Co, as the industry body, creates the link between the Government and the gas industry.

Our strategy – “facilitating the role of gas in New Zealand’s energy future for consumers” – recognises that our role as the industry body is broader than only providing gas governance. We have a role in New Zealand’s energy future, and in supporting the energy transition. This includes our role as a trusted advisor ensuring that we provide proactive advice to the Government on issues concerning the gas industry as it transitions.

Reflecting that, the FY2027 draft work programme has been framed by the strategic issues that the industry faces, and the work Gas Industry Co is proposing to undertake in FY2027 to address these issues. This highlights where the majority of our focus and effort will be in FY2027.

The FY2027 work programme also includes a renewed focus on supporting industrial and residential gas consumers – including through the provision of data and advice to inform decision-making; ensuring that issues facing gas consumers (and the wider impacts of these) are socialised and well understood; and requesting assistance from the Minister/peer regulators to address these issues, where we do not have the regulatory powers/mandate to address these.

In addition, we will continue to meet our statutory requirements, and the objectives and outcomes included in the Gas Act 1992 (Gas Act) and the Government Policy Statement on Gas Governance 2008 (GPS).

It is possible that unplanned work might need to be undertaken in FY2027. This is in particular a result of the changing nature of the industry and the period that elapses between development of the work programme and its implementation. If unplanned work becomes a priority we will reassess our work programme to ensure this is addressed. Gas Industry Co prefers not to budget contingency amounts to keep the levy at a reasonable level. If unplanned or unbudgeted work becomes a priority, Gas Industry Co will reassess its planned workstreams and/or milestones.

As with all public and levy-raising entities, Gas Industry Co aims to deliver value in both its operational workstreams and in the provision of support services to Gas Industry Co as a whole. There is a specific focus on delivering efficiency and value for money.

The proposed FY2027 work programme is summarised in the table below, and explained more fully in the pages that follow:

DRAFT FY2027 WORK PROGRAMME

Strategic Issues:

Gas Supply	Viability of Networks	Gas Pricing
Gas industry roadmap	Future of infrastructure	Industrial gas consumers
Lack of upstream investment		Residential gas consumers
LNG		
Biogas		
Demand response for dry years		
Provision of gas market data		
Levy funding arrangements		

Other Activities:

Educate and influence

Gas Governance arrangements

4.1 Gas Industry Co FY2027 Work Programme - Strategic Issues: Gas Supply

Gas Industry Roadmap

Given the rapid decline in gas supply, we believe it is timely to revisit how the industry can move to a lower carbon future in a managed and orderly way, with the least impact on consumers.

Work in FY2027 may include:

- Preparing advice to the Minister and industry in relation to how the gas industry can move to a lower carbon future in a way that minimises consumer impacts.

Lack of Upstream Investment

The lack of upstream investment has led to a rapidly declining gas supply situation.

The Government has announced an action to 'reduce sovereign policy risk for investors', with options being considered including indemnities; co-investment (eg \$200m set aside for exploration, gas storage); public/private partnerships and other procurement contracts. Further decisions are expected in early 2026.

Work in FY2027 may include:

- Advising the Minister on changes to the gas supply and demand balance, and any implications for Government policy; and
- Assisting with work arising from the Government's action, as appropriate.

LNG

The Government is exploring supplementing indigenous gas with LNG with a procurement process commenced for development of an LNG import terminal with possible delivery from 1 June 2027. Announcements are expected imminently.

Work in FY2027 may include:

- Facilitating industry processes, and advising Government (where requested) on matters relating to the importation of LNG; and
- Advising on regulatory roadblocks hindering the uptake of LNG.

Biogas

The October 2025 Government Statement on Biogas noted that the Government will take a "market-led approach" to supporting the establishment of a biogas market.

Numerous agencies are involved in biogas (MBIE, MfE, Biogas Association, GasNZ), however we are concerned about the lack of coordination and potential for duplication of effort.

Work in FY2027 may include:

- Providing advice to the Minister outlining barriers currently inhibiting the creation of a biogas market in New Zealand, and detailing actions that need to be undertaken (either by Gas Industry Co or others) to enable this;
- Liaising with stakeholders to gather information and to identify market-led measures to meet the Minister's expectations; and
- Completing any remaining work in relation to the amendment of the Downstream and Switching Rules to accommodate the injection of renewable gases into downstream networks.

Demand response for dry year cover

Concerns regarding the long-term viability of Methanex has been highlighted in our previous Supply and Demand studies. If Methanex exits New Zealand demand response will be unavailable for power generation in dry years.

The Government is currently consulting on strengthening the regulatory framework for dry years. This includes ensuring Transpower's security of supply assessments are fit for purpose

and adapt to evolving information about declining gas supplies. Recommendations are expected in early 2026.

In FY2027 we will:

- Continue to work closely with the Electricity Authority in relation to the extent to which gas is able to provide dry year cover (including as provided for in our MoU);
- Publish the codified 2026 Supply and Demand study (with input from Minister/MBIE); and
- Where relevant, assist on any recommendations arising from the Government's consultation on strengthening the regulatory framework for dry years.

Levy funding arrangements

With gas supply forecast to reduce further, we are concerned that current levy funding arrangements are no longer fit for purpose to allow us to generate the income required to deliver our work programme.

In FY2027 we intend to:

- Review the current levy funding arrangements to determine if they are fit for purpose; and
- If necessary, commence steps to introduce an alternative funding arrangement.

4.2 Gas Industry Co FY2027 Work Programme - Strategic Issues: Viability of Networks

Future of infrastructure

As the gas industry contracts, the future of infrastructure and increasing costs to consumers who are unable to transition are becoming key issues.

In FY2027 we intend to:

- Investigate the impacts on consumers of the continued decline in gas production, including the future of infrastructure and costs; and
- Consider whether consumer costs could be reduced by 'right sizing' the network for future loads (eg by allowing networks to be run at lower pressures or with fewer compressors).

Further activities may include:

- Supporting MBIE and Commerce Commission regarding any changes impacting pipeline regulation;
- Assessing any proposed changes to the transmission codes;
- Assessing transmission pricing changes and their impact on industrial customers; and
- Reviewing transmission pipeline interconnections as required, address any concerns regarding reasonable access, and amending the Guidelines as required.

4.3 Gas Industry Co FY2027 Work Programme - Strategic Issues: Gas Pricing

Industrial gas consumers

We continue to receive reports that even where volumes are available to meet demand, some industrials are planning to close or exit New Zealand in response to high forward gas prices.

We are assisting industrial gas consumers who want to take responsibility for their own gas procurement and delivery to become shippers under the Gas Transmission Code, and retailers under our gas governance arrangements.

In FY2027, we will:

- Continue to provide data and advice to industrial gas consumers to ensure they are making informed decisions;
- Monitor reports from industrial gas consumers regarding gas availability and pricing;
- Ensure that issues facing industrial gas consumers (and the impacts of these) are socialised and well understood (including through regular communications/ stakeholder engagement);
- Advise the Minister/peer regulators regarding issues facing industrial gas consumers; and
- Continue to support industrial gas consumers who want to take responsibility for their own gas procurement and delivery.

Residential gas consumers

Residential gas prices are continuing to rise, and some retailers are no longer offering gas.

In FY2027 we will:

- Continue to provide data to inform residential gas consumers, aiding them in making informed decisions;
- Monitor the availability and pricing of gas for residential consumers;
- Ensure that issues facing residential gas consumers are socialised and well understood (including through regular communications/ stakeholder engagement);
- Advise the Minister/peer regulators/consumer groups about issues facing residential gas consumers;
- Engage an independent assessor to carry out the 3-yearly review of retail gas contracts; and
- Assess retailer and distributor alignment with the Consumer Care guidelines, monitor the effectiveness of the guidelines, and propose any necessary amendments to them.

4.4 Gas Industry Co FY2027 Work Programme – Other activities

Educate and influence

- Provide advice to the Minister and industry on matters concerning the gas industry;
- Stakeholder engagement, including presenting at conferences and forums; hosting industry workshops; and presenting to industry participant Boards; and
- Reporting on the present state and performance of the gas industry.

Gas Governance arrangements

Fulfilling Gas Industry Co's statutory roles under the following gas governance arrangements, and ensuring that the arrangements remain fit for purpose as the industry transitions:

- Gas (Downstream Reconciliation) Rules 2008;
- Gas Governance (Compliance) Regulations 2008;
- Gas (Critical Contingency Management) Regulations 2008;
- Gas (Switching Arrangements) Rules 2008; and
- Gas (Facility Outage Information Disclosure) Rules 2022.

Q3: *Do you consider there to be any other items that should be included in Gas Industry Co's intended Work Programme for FY2027? If so, please describe the work required and how that work achieves the outcomes sought under the Gas Act and GPS.*

Q4: *Do you consider there to be any items that should be excluded from Gas Industry Co's intended Work Programme for FY2027? Please provide reasons for your response.*

5. Funding of Operations



5.1 Sources of Funding

Gas Industry Co has two main sources of funding to meet the total costs of delivering on the Work Programme and other aspects of its role as the industry body – the levy and market fees.

Levy

The levy funds the industry body's costs that are not covered by market fees, including the direct costs of workstreams and non-operational expenditure for the business.

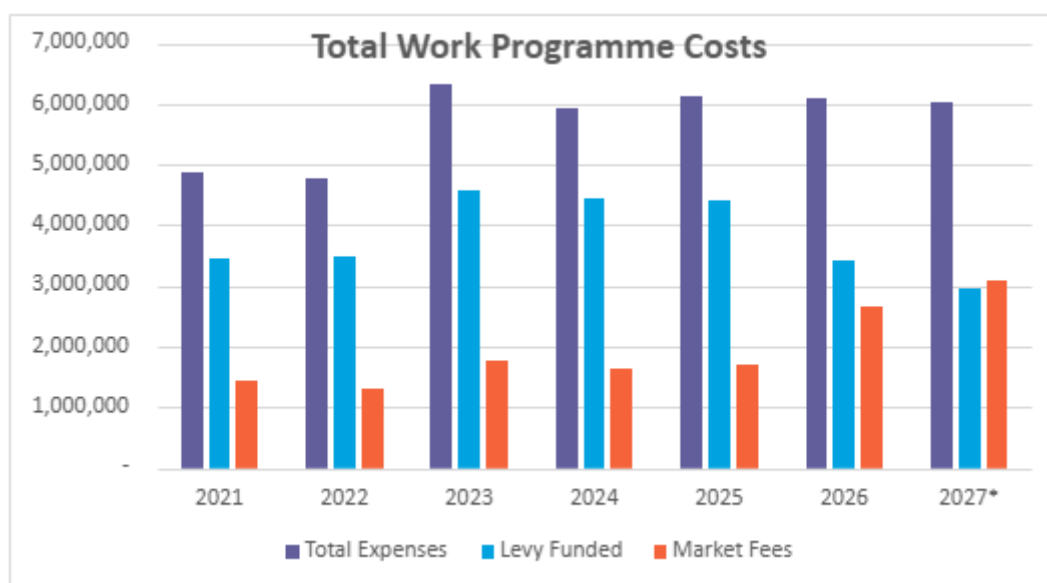
Market Fees

Established gas governance rules and regulations include provision to recover costs directly required to meet Gas Industry Co's obligations under those arrangements (referred to as 'market fees'). These cover the contractually agreed costs of any service providers (particularly the Allocation Agent, the Registry Operator and the Critical Contingency Operator) and any other expected direct external costs or Gas Industry Co internal costs that relate to those arrangements.

A formal estimate of market fees for each set of rules or regulations is published two months before they apply with each new financial year commencing on 1 July. Market fees collected are applied to actual expenses incurred for each set of rules or regulations. Any shortfall or excess fees are invoiced/credited to the market fee payers in a year-end 'wash-up'.

5.2 Total Work Programme Costs

The FY2027 levy funding requirement is \$2,964,139 (\$3,410,198 in FY2026), and market fees of \$3,074,700 (\$2,674,550 in FY2026). Added together, this results in total work programme costs for FY2027 of \$6,038,839 (\$6,084,748 in FY2026), as illustrated in the diagram below:



5.3 Proposed Levy Method and Rates

Gas Industry Co's existing levy method:

1. Is based on a set of [Levy Principles](#). In summary, those Principles are economic efficiency, beneficiary pays, rationality, simplicity, equity, and revenue sufficiency; and
2. 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 apportioned among levy payers pro rata with either their wholesale levy volumes or ICP market shares. In years when the work programme focusses on retail issues, for instance, the retail levy rate will increase while the wholesale levy rate will decrease.

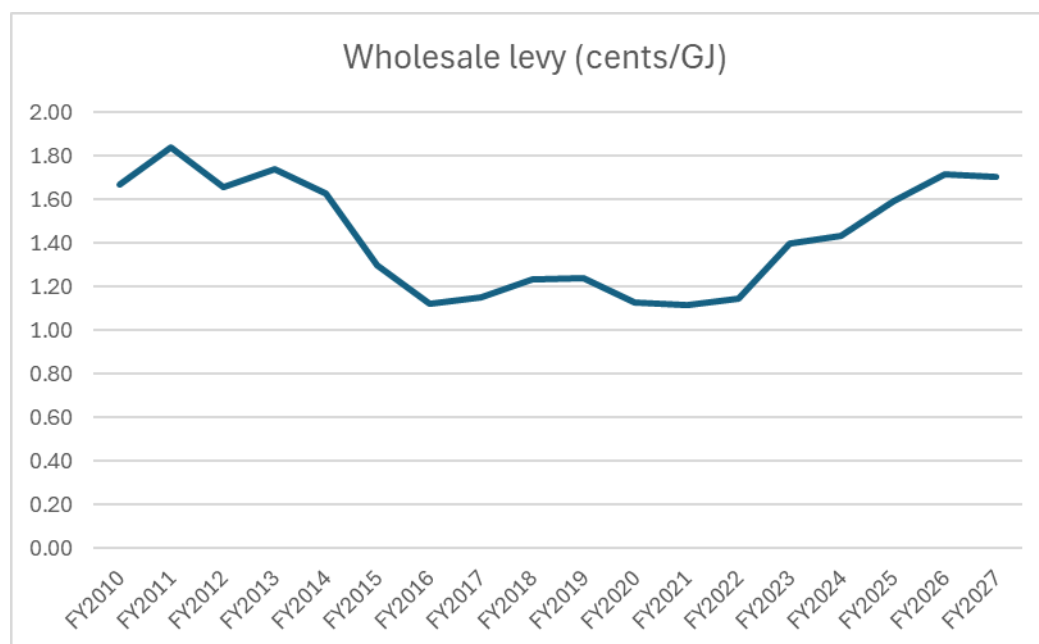
These arrangements have remained unchanged since 2007.

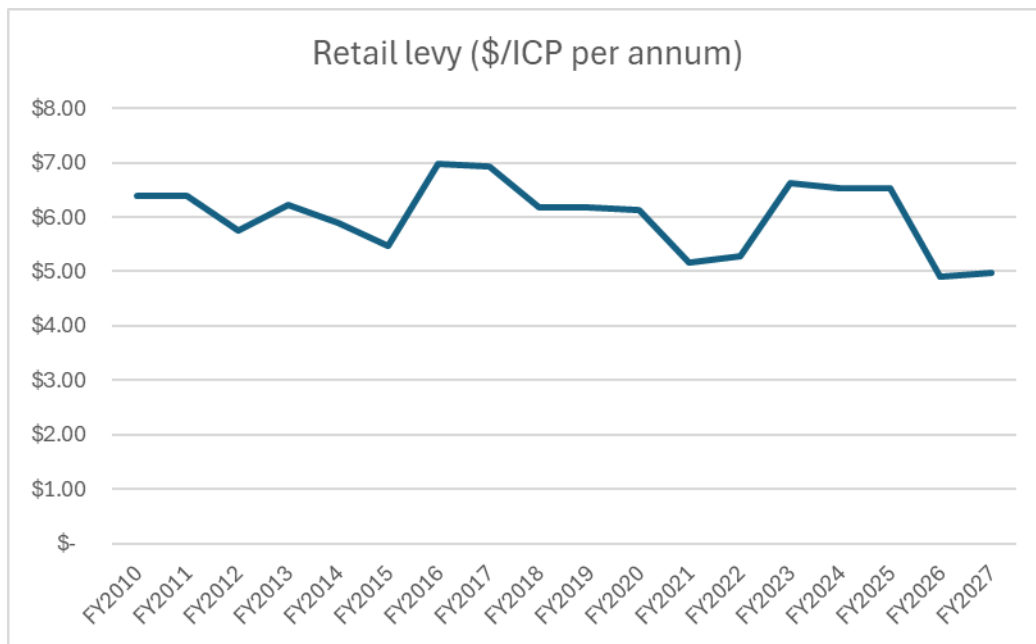
Based on the TWPC above, the levy rates for FY2027 would be:

1. Wholesale levy: 1.7058c/GJ (down from 1.7158c/GJ in FY2026, a 0.58% decrease); and
2. Retail levy: \$4.98/ICP (up from \$4.90/ICP in FY2026, a 1.63% increase).

The FY2027 wholesale levy rate is only slightly lower than FY2026 despite a forecasted decrease of 23% in wholesale volumes. This is because we have reallocated a portion of our salary and overheads to market fees.

The FY2027 retail levy rate is slightly higher than FY2026 due to a small decrease in forecasted ICP numbers (304,000 in FY2027 compared to 311,000 in FY2026). The trend in both wholesale and retail levies is illustrated in the graphs below:





Assumptions:

- The draft gas volume assumption for FY2027 is 85 PJ (down from 110 PJ in FY2026).
- The ICP assumption of approximately 304,000 is based on the current number of ACTIVE-CONTRACTED entries in the gas registry adjusted for average monthly reduction in ICP numbers. This is down from 311,000 ICPs in FY2026.

Q5: Gas Industry Co is particularly interested in industry comment on the forecast gas volumes – do stakeholders consider the 85 PJ projection reasonable? If not, what would they consider an appropriate gas volume estimate to be? **NOTE – any submissions provided in response to this question will be treated as confidential and will not be published.**

Q6: Do you have any comment on the proposed levy rates for FY2027?



6. Appendix A – Recommended format for submissions

To assist Gas Industry Co in the orderly and efficient consideration of stakeholders' responses, a suggested format for submissions has been prepared. Respondents are also free to include other material in their responses.

Question	Comment
Q1: Do submitters agree with Gas Industry Co's assessment of the strategic context?	
Q2: Do submitters have any comments on the process for developing Gas Industry Co's FY2027 Work Programme and Levy?	
Q3: Do you consider there to be any other items that should be included in Gas Industry Co's intended Work Programme for FY2027? If so, please describe the work required and how that work achieves the outcomes sought under the Gas Act and GPS.	
Q4: Do you consider there to be any items that should be excluded from Gas Industry Co's intended Work Programme for FY2027? Please provide reasons for your response.	
Q5: Gas Industry Co is particularly interested in industry comment on the forecast gas volumes - do stakeholders consider the 85 PJ projection reasonable? If not, what would they consider an appropriate gas volume estimate to be? NOTE – any submissions provided in response to this question will be treated as confidential and will not be published.	
Q6: Do you have any comment on the proposed levy rates for FY2027?	

About Gas Industry Co

Gas Industry Co is the gas industry body and co-regulator under the Gas Act. Its role is to:

- Develop arrangements, including regulations where appropriate, which improve:
 - the operation of gas markets;
 - access to infrastructure; and
 - consumer outcomes;
- 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.

Gas Industry Co is required to have regard to the Government's policy objectives for the gas sector, and to report on the achievement of those objectives and on the state of the New Zealand gas industry.

SUBMISSIONS CLOSE:
9 February 2026

SUBMIT TO:
consultations@gasindustry.co.nz

ENQUIRIES:
info@gasindustry.co.nz