



Quarterly Report

December 2025

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

As the industry co-regulator, we work with industry and government for safe, efficient, reliable, fair, and sustainable gas delivery.

The [Government Policy Statement on Gas Governance](#) requires us to report to the Minister for Energy each quarter on our progress towards meeting the Government's objectives and outcomes for the gas industry and any ministerial requests that may arise from time to time. This report is provided to meet that requirement.

This update reports on activities for the final quarter of 2025.

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Gas today

As we move into summer, stresses in the short-term gas supply situation appear to have eased. The electricity system is full of fuel with long-run hydro storage at 140% above average for this time of year (and excess being spilled), snow storage well above average for this time of year, and wind dispatch patchy but firm.

With the reduced demand for gas for electricity generation, prices have dropped with spot gas now below \$6/GJ gross or \$3.60/GJ net of carbon impost.

While this short-term stabilisation in gas supply is welcome, longer-term security of supply issues remain, and we await announcements in relation to LNG early next year.

Concerns remain around the ability of industrial consumers to secure reliable gas supply at affordable prices. After failing to renew a contract in July, Ballance Agri-Nutrients was able to secure a short-term contract to keep production going until the end of January. Domestic consumers are also facing significant price increases, and some retailers are no longer accepting new connections, with others actively working to move domestic and business consumers onto alternative fuels.

Petrochemical-led summer balancing has been a feature of the gas market for past five years. With the possibility of both Methanex and Ballance exiting in 2026, one or neither may be operating ahead of the 2026-27 summer. If so, the market could, depending on how the supply-side adapts, find itself in a situation of severe oversupply next summer.

After 27 years, Contact Energy have retired the 330-megawatt TCC gas turbine and expect to finish dismantling it over the next two years. TCC's grid connection and transmission infrastructure will continue to support the adjacent Stratford peakers - which total 200 MW in capacity - as well as a grid-scale battery consented for up to 500 MW. The exit of TCC may increase capacity risk over winter, however the Huntly Firming Options should, if required, be sufficient to cover most scenarios.

As signalled in our FY2027 work programme, we have started developing a Gas Industry Roadmap to set out how the gas industry can move to a lower carbon future in a managed and orderly way, with the least impact on consumers. Our FY2027 work programme also includes a renewed focus on supporting industrial and residential gas consumers – including through provision of data and advice to inform decision-making, and ensuring issues facing gas consumers are socialised and well understood. Going forward we intend to create more opportunities for meaningful engagement in relation to the strategic issues the industry faces, across all of our stakeholder groups.

Default Price Path Determination (DPP4)

The Commerce Commission has recently published submissions on its gas default price path determination (DPP4). DPP4 regulates price and quality of gas pipeline service for the period from 1 October 2026 to 2031.

The Commerce Commission's draft decision continues its approach of accelerated depreciation introduced in 2022 (DPP3). This reflects the Commission's view that the economic life of gas assets is less than their physical life. The effect is to allow gas pipeline businesses to recover their costs faster. The draft determination will increase bills for end users from 2026.

Submissions from network owners consider that the Commission's determination should have gone further, particularly in relation to the recovery of future decommissioning costs and sharing of risk associated with demand changes within a regulatory period. Submissions on behalf of commercial and industrial gas users do not support accelerated depreciation on the basis that it shifts risk from network owner to users, increasing gas prices, energy hardship and business closures. The submitters also questioned whether asset stranding risk has been overstated given recent developments in the gas market and policy.

2026 Supply and Demand study

The annual study is designed to improve understanding about the role of gas now and into the future, and to provide stakeholders with useful information to make informed decisions.

Previous Supply and Demand studies were released at the end of each year, however, to ensure the study receives the focus it deserves and to better align with other work we are undertaking, we have rescheduled the release date to mid-February.

From 2027, our Supply and Demand study will be codified.

FY2027 Work Programme and Levy

On 27 November we held our annual Co-regulatory Forum to discuss the FY2027 work programme and associated levy budget. The forum was well supported with more than 20 attendees contributing to a lively and engaged discussion. The proposed work programme, levy, and feedback received has formed the basis of the consultation paper currently out for consultation until Monday, 9 February 2025.

We expect to present you with the FY2027-29 Statement of Intent detailing the FY2027 work programme and related matters for comment, and Levy Recommendation for Ministerial/Cabinet approval, in March 2026.

Gas industry data insights

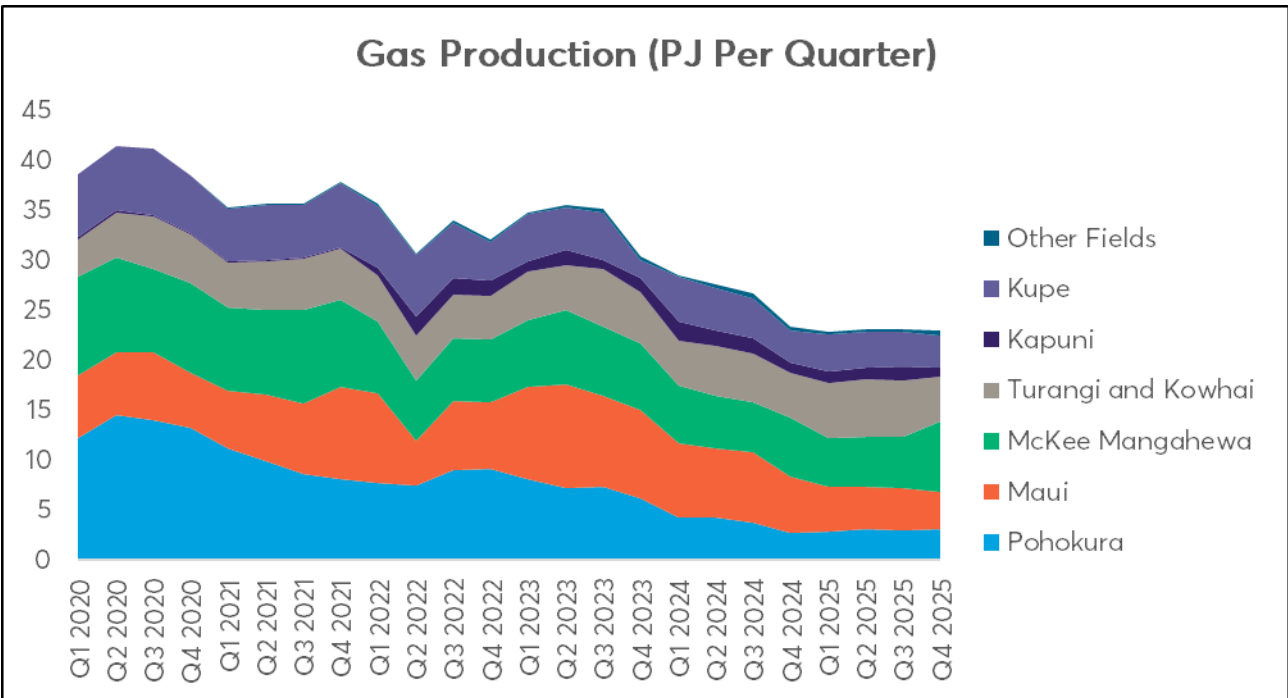
Production

Gas production in Q4 2025 remained stable at 22.9 PJ and was only 2.1 percent lower than the same period in 2024. Increased output from McKee Mangahewa helped balance the gradual declines seen across the other fields.

For the full year, total production reached 91.9 PJ. This represents an 8.6 percent decrease compared with 2024 and continues the downward trend.

Production Overview				
Quarter	2023	2024	2025	Change 2024 vs 2025
Q1	34.8	28.5	22.9	(19.9%)
Q2	35.5	27.6	23.0	(16.5%)
Q3	35.1	26.7	23.1	(13.5%)
Q4	30.4	23.4	22.9	(2.1%)
Total	135.8	106.2	91.9	

The figures above exclude gas transmitted through private pipelines.



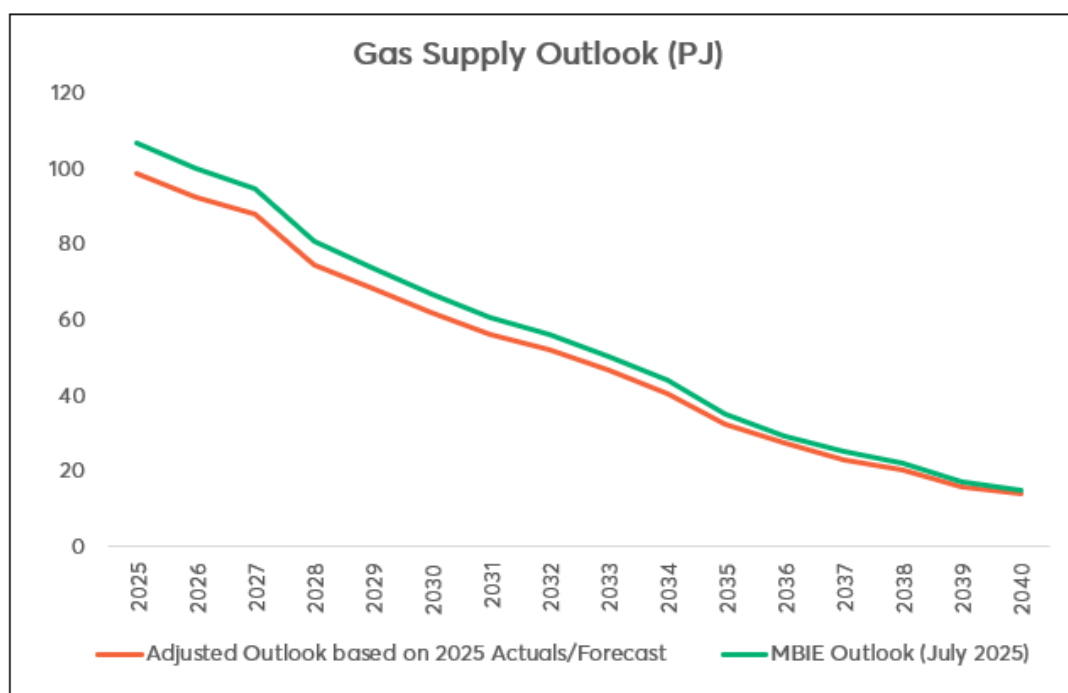
Supply Projections

The Gas Supply Outlook graph below is based on actual gas production for the year to date and assumes that the under or current patterns continue. It shows two projections across all fields to 2040:

- the original projection (**green line**) is created using MBIE data published in July 2025.
- the adjusted projection (**orange line**) incorporates actual year-to-date 2025 data.

The split between the two lines marks the difference between the early forecast and what actually occurred. In 2025, MBIE projected 106 PJ but production totalled 99 PJ. The chart carries that 8% difference forward to show its impact on future projections.

The reduced production shown by the orange line is due to production persistently not meeting the expected output. This highlights a faster than expected rate of reserves decline.



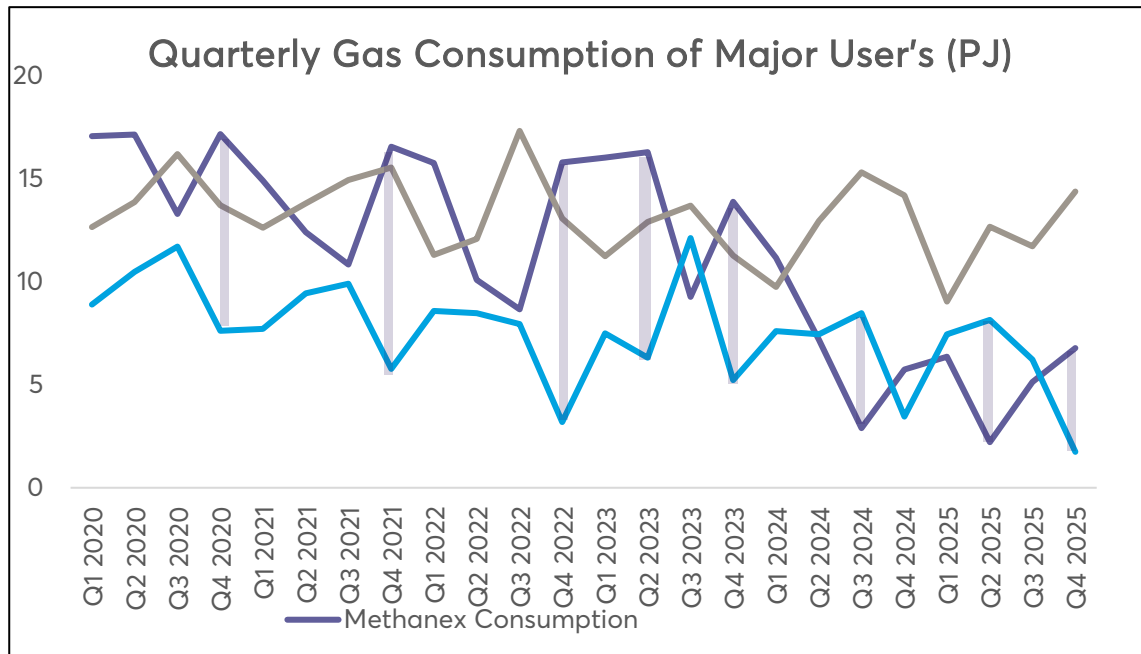
The graph uses MBIE's latest Petroleum Reserves Data, as published in July 2025 ([\[1\]](#)). This data is provided with a standard '2P' 50% probability that ultimate volumes will be greater or less than stated. 1P and 1C reserves data is also available on the MBIE website.

Gas consumption

Total gas consumption mirrors gas supply. As gas supplies for electricity generation have declined, all gas consumption has fallen. Notably, gas used for electricity generation has dropped at a much slower rate, likely reflecting the ability to pay a higher price that can be passed on to consumers.

^[1] [Petroleum reserves data | Ministry of Business, Innovation & Employment](#)

This relationship between the two sectors is evident in the chart below, where Methanex and electricity generators display an inverse pattern in their gas usage.



The table below compares gas consumption for Methanex and electricity generators.

In Q4 2025, Methanex further increased Methanol production after shutting down in Q2 as electricity generators required less gas due to strong hydro inflows.

Methanex's overall reduction in consumption, from 56 PJ in 2023 to 21 PJ in 2025, reflects its operation of only one train at Motunui through most of 2024 and 2025, along with periods shutting down production to make more gas available for electricity generation.

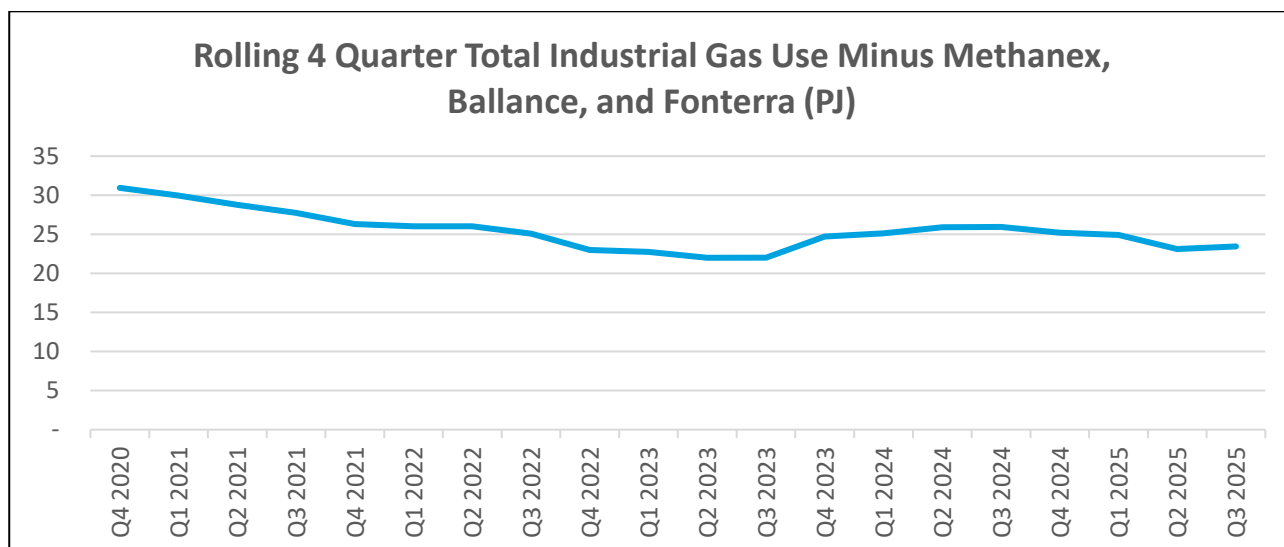
Before the September quarter of 2023, gas consumption for electricity generation had not exceeded Methanex's usage in any quarter over the previous decade.

Methanex Consumption						Electricity Consumption					
Quarter	2023	2024	2025	Change 2023 vs 2024	Change 2024 vs 2025	Quarter	2023	2024	2025	Change 2023 vs 2024	Change 2024 vs 2025
Q1	16.04	11.23	6.41	(30.02%)	(42.89%)	Q1	7.41	7.59	7.36	2.32%	(2.99%)
Q2	16.35	7.19	2.26	(56.06%)	(68.59%)	Q2	6.32	7.46	8.21	18.06%	10.05%
Q3	9.27	2.97	5.08	(67.93%)	70.96%	Q3	12.10	8.49	6.22	(29.80%)	(26.80%)
Q4	13.86	5.64	6.76	(59.31%)	19.84%	Q4	5.26	3.51	1.79	(33.24%)	(48.88%)
Total	55.53	27.03	20.51	(51.33%)	(24.10%)	Total	31.09	27.05	23.58	(12.99%)	(12.82%)

These figures exclude gas transmitted through private pipelines.

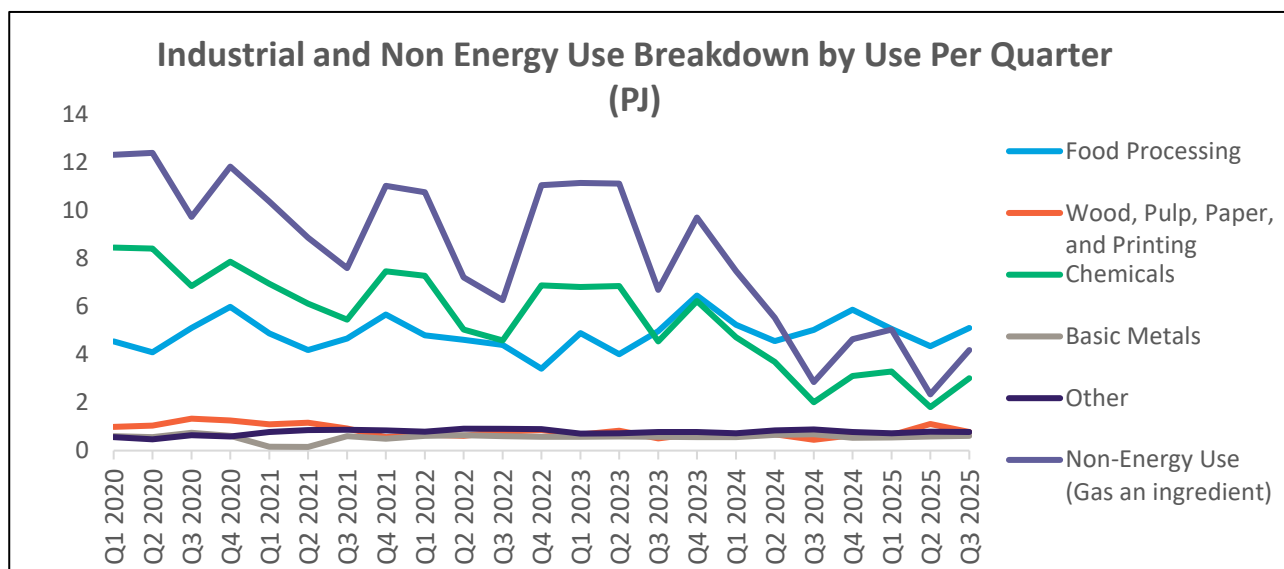
Industrial Gas Use

The Rolling 4-quarter data highlights a marked decline in industrial gas use by major gas users from 2020 to early 2023, after which consumption stabilises to track consistently around 25 PJ.



This graph uses data derived from MBIE's gas consumption statistics (1), and OATIS (Open Access Transmission Information System) data for Methanex, Ballance, and Fonterra. NB: This information is not precise because MBIE's data sources are confidential and OATIS does not include private pipeline consumption.

The Industrial and Non-energy graph below shows the sector breakdown of industrial gas use. Although specific categories are unknown, it is likely that Fonterra is captured in the 'Food Processing' category and that Methanex and Ballance account for most 'Non-energy' use and contribute to the 'Chemicals' category, the sectors most impacted by dwindling gas supplies.

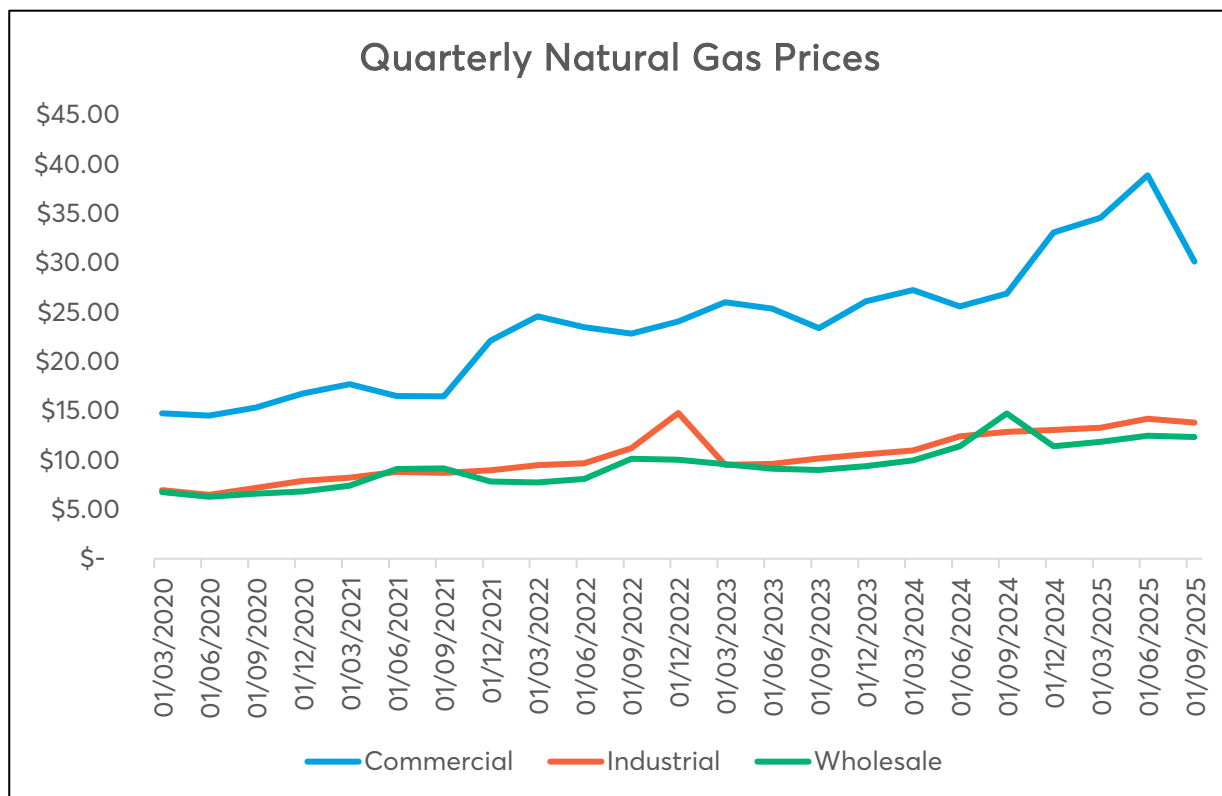


¹Gas statistics | Ministry of Business, Innovation & Employment

Commercial and industrial prices have increased over the past year

Commercial, wholesale and industrial prices dipped in the September quarter.

Around 95% of gas is traded via long-term bilateral contracts for larger industrial consumers. Average commercial contract durations are shorter than the long-term contracts and will be impacted by current market conditions.



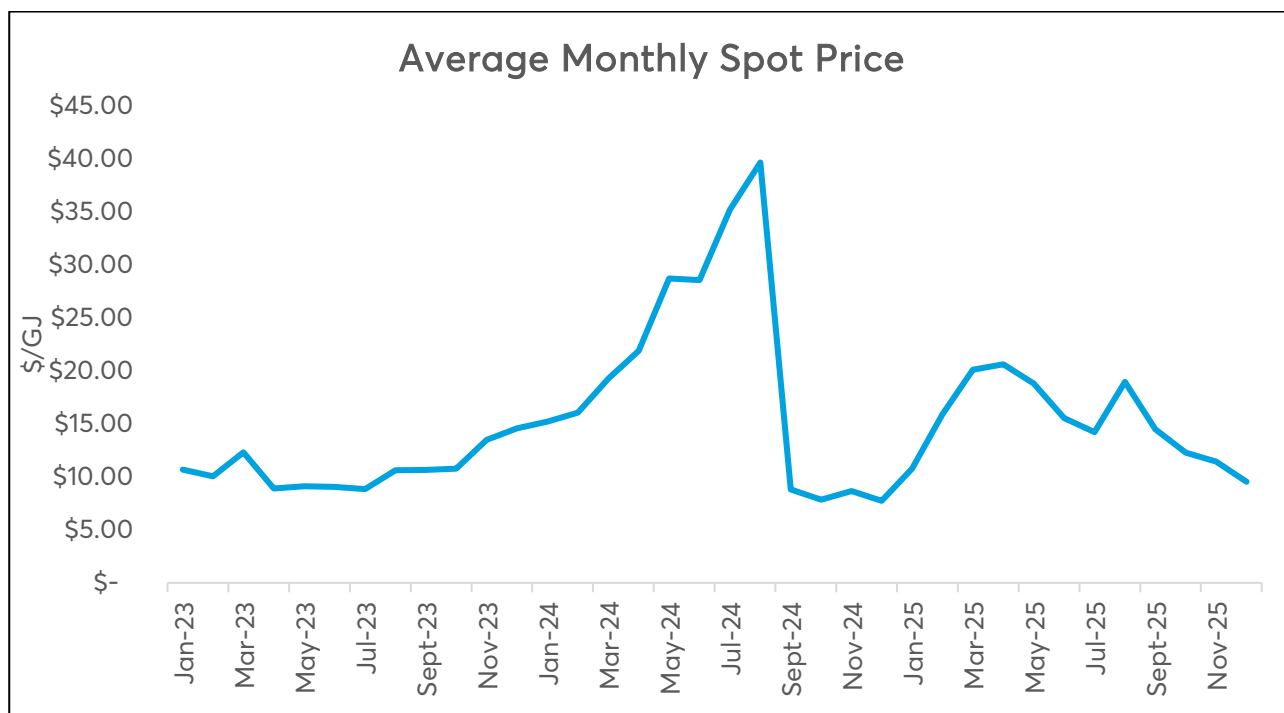
The Quarterly Natural Gas Prices graph below uses price data for Q3 2025 from MBIE's Energy Prices dataset (2) exclude GST (as these sectors can either claim back GST or are exempt) and is reported with a one-quarter lag.

Monthly spot prices

In 2025, 6.18PJ (6.2%) of total natural gas production was traded on emsTradepoint (excluding private pipeline sales).

Spot market prices continued their slide through Q4 2025, ending the year at \$9.53/GJ. Strong hydrology eased pressure on gas-fired generation, reducing demand and allowing prices to soften further.

² [Energy Prices | Ministry of Business, Innovation & Employment](#)

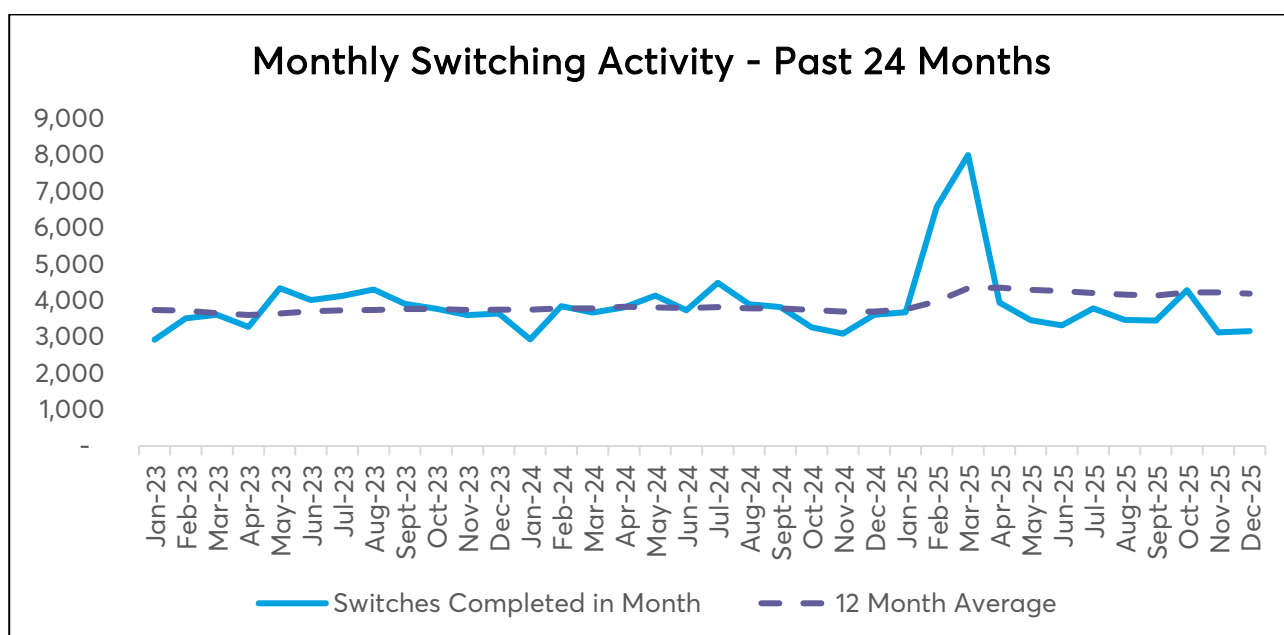


The Average Monthly Spot Price graph shows the price delivered via emsTradepoint, including daily trades and forward prices. (Excludes GST but includes carbon costs.)

Consumer switching

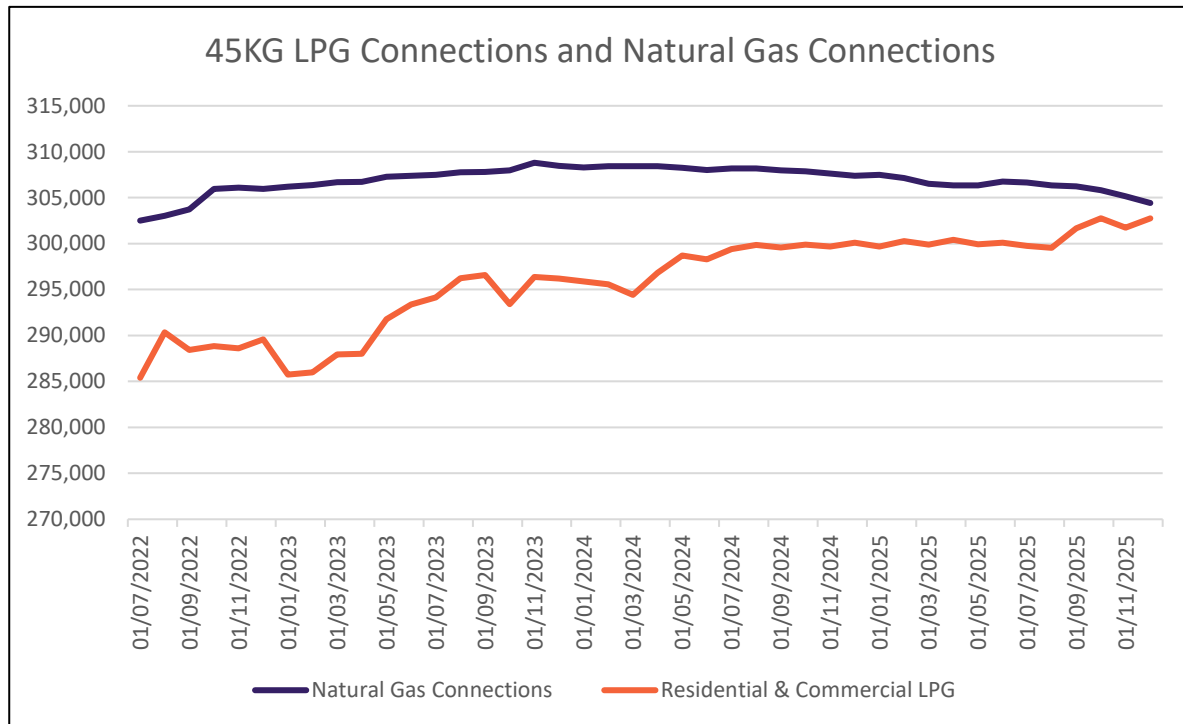
Over the last four quarters (1 January 2025 to 31 December 2025) an average of 4132 switches were completed per month. This translates to an annual rate of switching (churn rate) of around 16%. Switching rates spiked in late 2024 and early 2025 when Frank Energy left the retail market and customers were switched to parent retailer, Genesis.

On average, switches are completed within three business days.



Liquid Petroleum Gas (LPG)

The graph below shows recent trends in the LPG market (45 kg bottles). Total LPG connections, which include both residential and commercial customers, continued to increase in Q4 2025. In contrast, active and connected natural gas connections have maintained the gradual decline that began in Q3 2024.



Thermal fuel information

The Electricity Authority has introduced a thermal fuels dashboard to look at how much thermal fuel (gas, stored gas, solid fuel and diesel) is available to support the New Zealand power system, to better understand electricity security of supply risks.

[Electricity Authority Thermal fuel information](#)

Our work in progress

Maui immediate shut-down implications

We have commissioned the Critical Contingency Operator (CCO) to model the management of potential critical contingency scenarios where Methanex and Ballance are no longer available to stabilise the transmission system. The CCO's report will be used to inform consumers in higher curtailment bands about the potential risk of their business being curtailed earlier during a contingency event, so they can consider this when they update their risk management plans.

Update on Biogas

Our biogas work is being aligned with the FY2027 work programme. An industry working group has been formed to provide specific advice on what can be done to increase biomethane production, to address ministerial expectations for industry-led solutions.

The working group, which has not met yet, will focus on demand-side measures including the blending of natural gas with biomethane, and the development of long-term, fixed-price, fixed-volume contracts, to underpin investment in production facilities. This scope can be amended to include certification if required.

Confirmed working group participants include Firstgas, Vector, Powerco, Genesis, Mercury, Fonterra (for MGAG), and GasNZ.

CCM Regulation changes

Following your acceptance of our recommendation to amend the Gas Governance (Critical Contingency Management) Regulations 2008 in September 2024, we have supported MBIE to develop drafting instructions for the Parliamentary Counsel Office (PCO).

We have provided feedback on the second draft of the Parliamentary Counsel Office's amendments to the Gas Governance (Critical Contingency Management) Regulations 2008, and on MBIE's consultation document. MBIE's consultation is due to close on 20 February 2026.

Performance Audit Programme

The retail gas sector has seen new business models emerge in recent years, driven by the ongoing contraction of the gas market and evolving customer needs. While some retailers have exited the market new retail models have developed, particularly in response to large customers seeking more direct access to the wholesale gas market. These developments are changing both the number and types of retailers operating in the sector.

Alongside these market changes, amendments to the Gas (Downstream Reconciliation) Rules 2008 and the Gas (Switching Arrangements) Rules 2008 are expected to begin coming into effect during the current cycle of gas industry audits. These rule changes follow Gas Industry Co's recently Board approved Gas Governance Changes Recommendation to the Minister and are intended to ensure that the Rules remain fit for purpose as technology, gas supply, and commercial arrangements continue to evolve in the downstream gas market.

Together, the evolving retail landscape and the introduction of amended Rules will require retailers to implement new or adjusted processes and controls to maintain compliance, particularly as new business models and market arrangements become more prevalent.

Gas market information

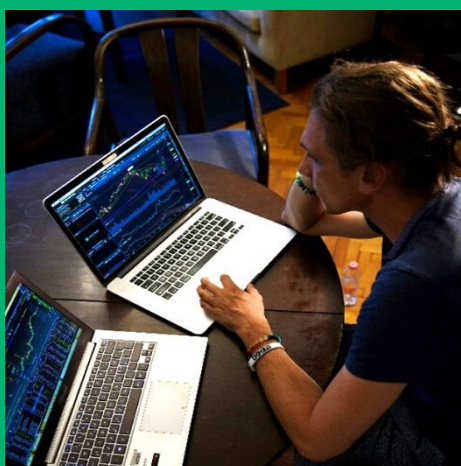
MBIE has commenced a workstream to determine what, if any, additional gas market information should be made public. This workstream responds to recommendations of the Frontier Report released on 6 October 2025. We are supporting MBIE's workstream, including reviewing opportunities to expand the current information that we currently make available through our regular reporting.

Gas Industry Co updates

Vanessa James joins Gas industry Co Board

Vanessa is a strategic, global business executive, with over 25 years leadership experience, including with Methanex in the United States and Canada.

Vanessa rose to become Senior Vice President of Corporate Development and Sustainability at Methanex. She has been a director of Methanex NZ and a Board Member of the Methanol Institute, as well as other governance roles over the past decade. Vanessa returned to New Zealand at the start of 2025 after relocating to Vancouver in 2018.



Relevant, comprehensive, timely information at your fingertips

Visit our Online Data Portal for:

- Daily gas production by major gas fields
- Gas consumption by largest users
- Gas in storage volume data
- Average quarterly gas prices and supply

For field production and unplanned outage info contact us at info@gasindustry.co.nz

About us

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

We work closely with industry and regulatory agencies to develop arrangements and regulations. We provide data and trusted advice to industry and government.

More information:

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Visit our website: www.gasindustry.co.nz