

Quarterly Report

September 2026

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.

This report meets the requirement in the Government Policy Statement on Gas Governance that we report to the Minister for Energy each quarter on progress made towards meeting the Government's objectives and outcomes for the gas industry, and any ministerial requests that may arise from time to time.

Contents

Gas today p2

Gas industry data insights p3

Our work – progress towards meeting the Government's objectives and outcomes for the gas industry p8

Gas today

As we move out of winter, the immediate gas supply situation has remained relatively stable. Favourable rain conditions have kept hydro storage well above historic mean levels. Genesis has also reported an operating coal stockpile increase of 0.6% on the same time last year.

The longer-term gas supply outlook remains a concern, reflecting continued supply constraints and flexibility challenges. In terms of supply, OMV has confirmed a revised exit timeline for the Māui gas field which will now likely cease production in May 2027 due to a safety-related regulatory requirement. Elsewhere, as part of its FY2026 results, Genesis advised that there are currently no drilling plans in place for the ageing Kupe field.

The decline of production from the Māui field and its scheduled closure in 2027 means a loss of a material source of gas supply. The decline in gas supply from Māui also means that Methanex falls below the minimum operating level and has announced its closure in Q1 2027, which in turn leads to a loss of flexibility in the system as Methanex has historically idled production in previous winters to free up gas for electricity generation.

Genesis announced in early September it has secured approximately 11.4 PJ of additional third-party gas supply for the period from March 2027 to December 2029. In its FY2026 results, the company also confirmed a review of the future of Huntly Power Station's Gas-fired Unit 5 to be completed in the next 12 months, noting that the unit could be sold in 2029 if the commercial case for retaining it beyond that date cannot be established. Unit 5 remains temporarily offline from July through to December.

In response to these gas supply and flexibility issues, the Government has progressed several initiatives. Work continues on the procurement process for an LNG import facility, two new petroleum permits have been granted, and $59.5m of the $200m Gas Security Fund has been allocated to four different projects.

The first two projects involve Todd Energy drilling and connecting a new gas well at McKee and converting an existing well to access gas from the deeper Tariki reservoir. The other two projects relate to a seismic data programme led by Schlumberger New Zealand and an equity investment in EnZed Energy's offshore Kaheru exploration prospect.

Gas Industry Co continues to advance our two main strategic workstreams: Consumers, Costs and Fairness – Future Gas Availability, and the Future of Infrastructure.

The Consumers, Costs and Fairness – Future Gas Availability study is expected to be released by the end of the year, and considers future role of gas in New Zealand, the importance of gas to the broader economy, and the contribution of different types of gas (indigenous, biomethane, LNG, and hydrogen) to the energy mix. The study will explore how different assumptions regarding gas availability and allocation affect gas-fired electricity generation, commercial and industrial users, small and medium-sized enterprises, and residential consumers.

The study has been informed by commercial & industrial sector workshops, multiple industry interviews, and a survey to improve the understanding of the types of businesses using gas by sector, their ability to manage within the current gas market, and their economic contribution to New Zealand.

The findings will support discussions with policymakers and regulators on the implications of future gas availability with a focus on commercial & industrial consumers, potential transition pathways, and the trade-offs associated with different policy and market settings.

Our other main workstream, Future of Gas Infrastructure, examines how declining gas demand and a shrinking consumer base could affect the cost recovery, operation, and eventual decommissioning of New Zealand's gas transmission and distribution infrastructure. It considers three interconnected questions: who should bear the cost of existing infrastructure, how future expenditure could be reduced, and how disconnection and decommissioning should be funded and managed.

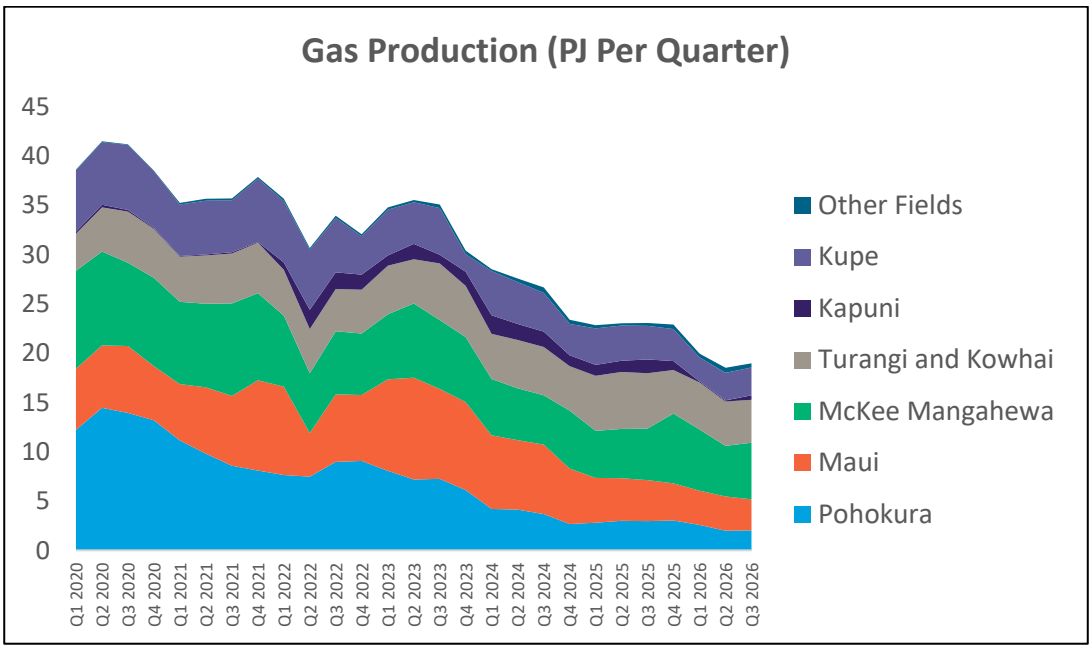
The study, which is expected to be released before the end of the year, will not recommend a preferred approach. Instead, it will set out the implications and trade-offs of the available options through the Gas Industry Co objectives, including safety, efficiency, reliability, fairness, and environmental sustainability. Its findings are intended to support further policy, regulatory, and industry discussions, including the need for coordinated leadership on unresolved funding, consumer-protection, and implementation issues.

Gas industry data insights

Gas Production

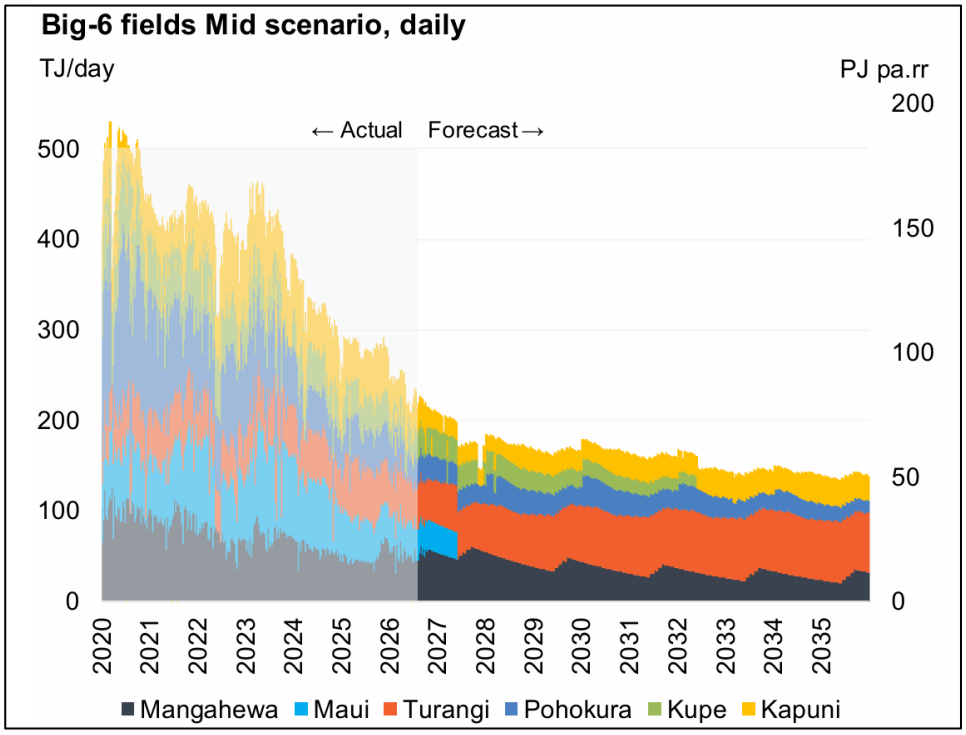
New Zealand's six largest gas fields account for 98% of our gas supply. Since 2016, production has halved and it continues to decline as existing fields come to the end of their productive life, with OMV indicating that Māui is expected to cease production in May 2027 due to a safety related regulatory requirement.

Gas production totalled 19.0 PJ in Q3 2026, a slight 3.8% increase from 18.3 PJ in Q2 2026. This is the first quarter-on-quarter increase in gas production since Q3 2025. While the 2025 increase was mainly driven by a successful drilling campaign by Todd Energy at the Mangahewa field, the increase in production this quarter can be attributed to there being only one unplanned production outage (at Kupe in late September due to a maintenance issue with the field's condensate rundown system). Methanex recommencing gas consumption also necessitated gas production increases in the fields that supply their Motunui plant.



Forecast Gas Production

Enerlytica released their latest NZ Gas Supply report, forecasting Q4 2026 production and beyond from the six major gas fields. The forecast continues to incorporate the expected increase in gas production from the Mangahewa field resulting from Todd Energy's predicted drilling campaign. Set to begin in December, the three well drilling campaign will utilise their Big Ben rig at the Mangahewa-C drilling site.



This graph is sourced directly from Enerlytica's NZ Gas Supply Report[1].

Gas consumption – major users

The continued decline in gas supply has necessitated a reduction in gas consumption from major industrial gas users. This was evident during the quarter, with Methanex announcing that it will cease its New Zealand operations in the first quarter of 2027.

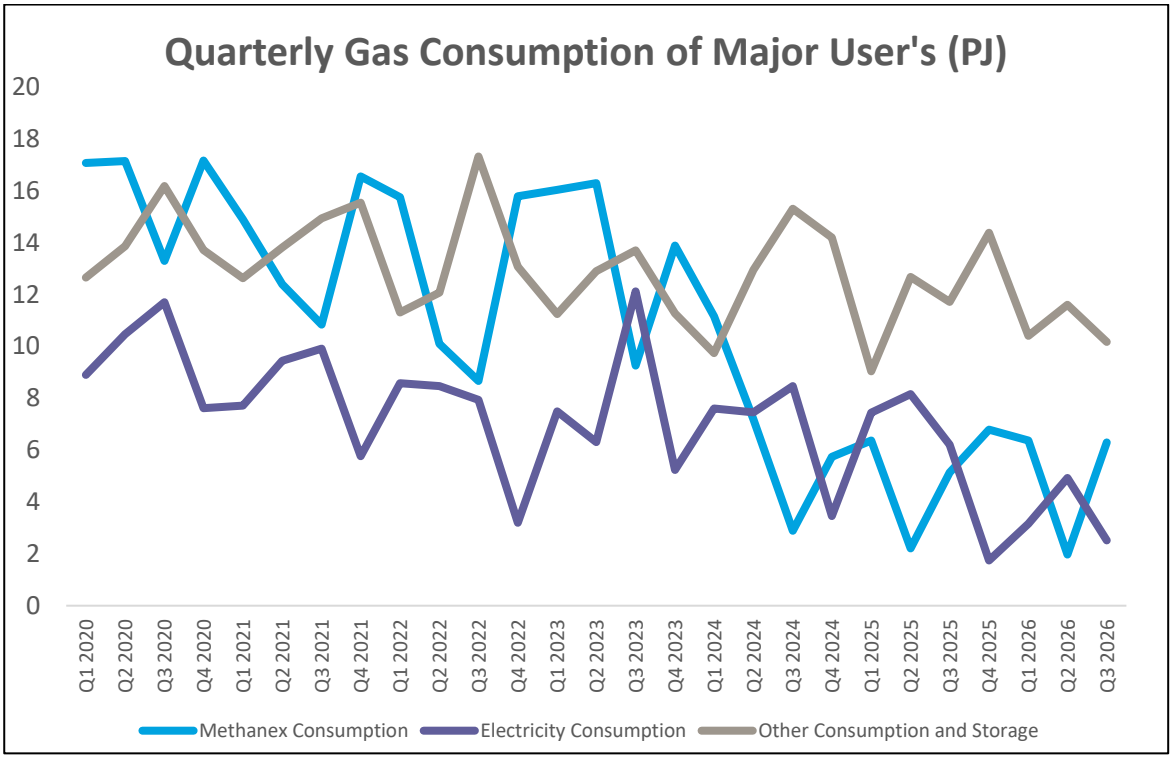
Methanex's announcement is not unexpected. Its closure will limit the extent to which demand response can be used to manage fuel shortages in winter.

Shortly after the Methanex announcement, Genesis released a statement saying they have secured 11.4 PJ of gas supply. It is unclear at the moment whether additional gas will be made available to commercial and industrial customers.

In Q3 2026, gas used for electricity generation decreased 59.4% from Q3 2025, reflecting strong hydrology.

Methanex's gas consumption increased significantly from the previous quarter after the plant restarted operations following its winter shutdown.

[1] Research Portal | Enerlytica

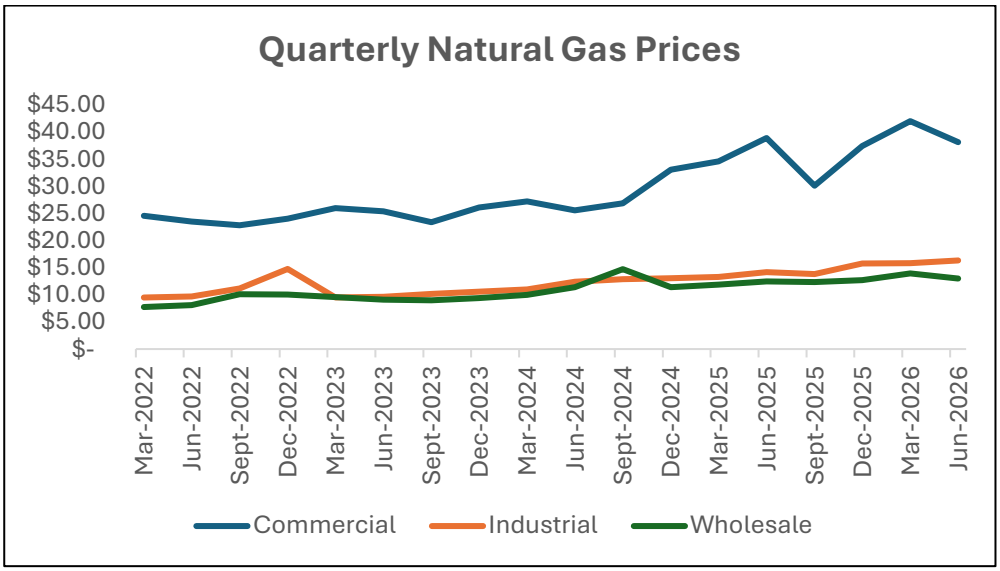


Gas prices

Around 95% of gas is traded via long-term bilateral contracts for wholesale and industrial consumers. Tightening gas supply has led to price increases and changing average commercial gas contract terms.

The Quarterly Natural Gas Prices graph below uses price data for Q2 2026 from MBIE's Energy Prices dataset and is reported with a one-quarter lag.

As can be seen, industrial and wholesale prices have increased slightly in Q2 2026 compared with Q2 2025 while commercial prices decreased slightly. However, as some industrial contracts are long-term and for large volumes, the graph below may not necessarily provide an accurate representation of what new individual industrial contracts are priced at.

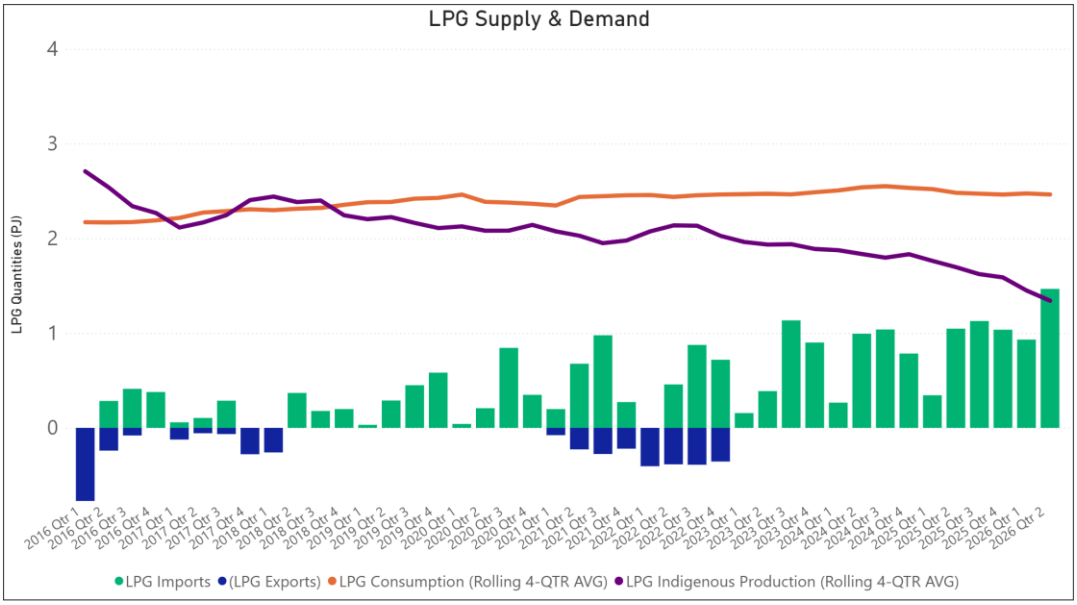


The Quarterly Natural Gas Prices graph above uses price data for Q4 2025 from MBIE's Energy Prices dataset[2].

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

Liquid Petroleum Gas (LPG)

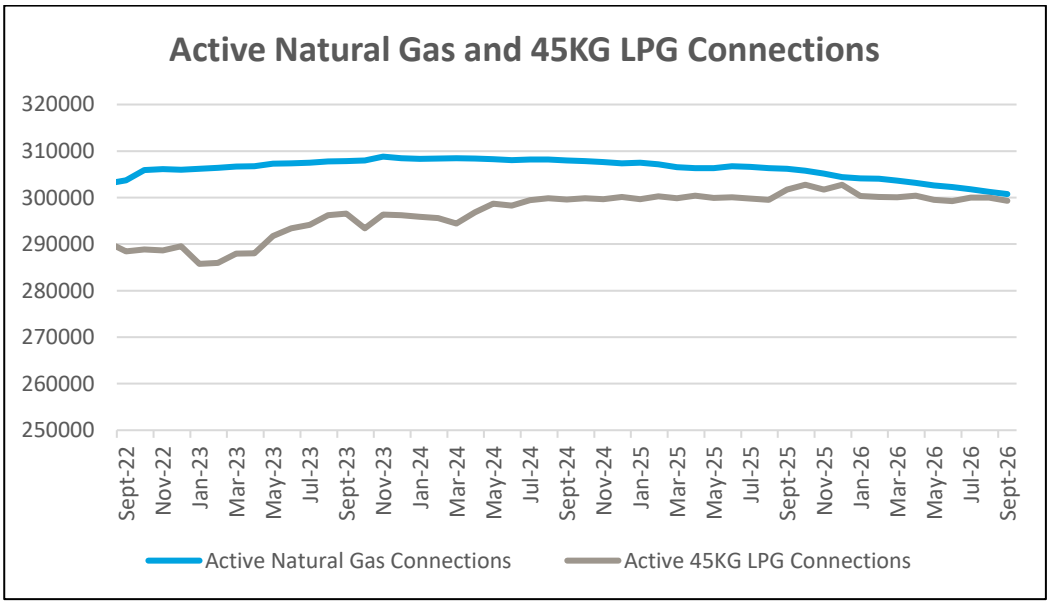
As natural gas supply has declined, indigenous LPG production has also fallen, down 30.4% in Q2 2026 compared to Q2 2025. To meet New Zealand's gradual rising LPG consumption levels, imports have increased. In Q2 2026 1.47 PJ of LPG was imported, the greatest quarterly volume since Q3 2007 when 1.54 PJ was imported.



The LPG Supply & Demand graph above uses LPG figures MBIE Oil Statistics dataset[3].

Consumer numbers

The net number of active LPG connections increased by 101 (0.03%) between June and September, while active natural gas connections fell by 1,539 during the same period (-0.51%). The impact of network owner requirements for capital contributions may have had an impact on the number of new consumer connections to natural gas.

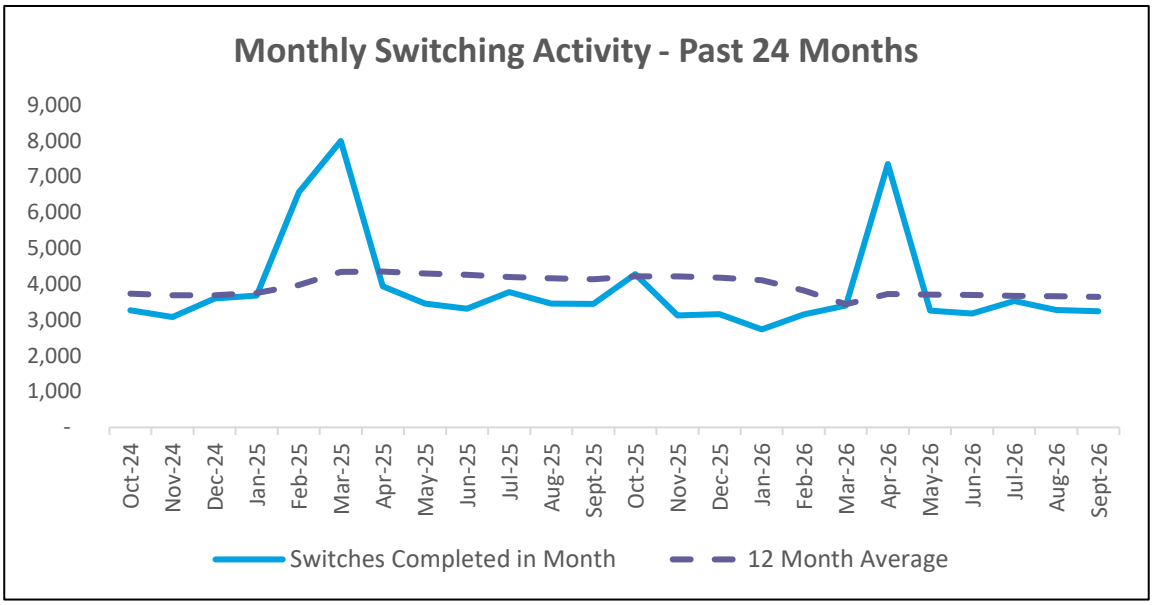


[3] Oil statistics | Ministry of Business, Innovation, and Employment

Consumer switching

The number of consumer switches in Q3 2026 returned to typical levels since the spike in April when MegaTEL left the retail market and customers were switched to parent retailer, Nova. A similar spike was seen in March 2025 when Frank Energy left the market and customers were switched to parent retailer Genesis. Over the past four quarters, an average of 3,640 switches were completed per month. This translates to an annual rate of switching (churn rate) of 14.4%.

Consumer switching rates show market competition in terms of; gas retailers competing for consumers, the impact of upward price pressure on consumer behaviour, and changing market dynamics in terms of the number of retailers prepared to offer gas.



Our work – progress towards meeting the Government's objectives and outcomes for the gas industry

(See the "Gas Today" section for details of our Consumers, Costs and Fairness – Future Gas Availability, and Future of Infrastructure work programmes).

LNG

MBIE's latest update mentions work on the development of an LNG import facility continues. The Government has instructed MBIE to progress discussions with a preferred provider, with a view to making a decision after the election.

We will engage with the relevant parties as required, subject to the election outcome and any subsequent Government decision on LNG.

Disconnection and decommissioning

We have published guidance for residential consumers on their options in relation to disconnection and decommissioning on our website. Wider issues regarding disconnection and decommissioning are considered as part of our Future of Gas Infrastructure workstream.

Gas market information

MBIE has been consulting with major gas users on information disclosure requirements to improve gas market transparency to be set out in regulations. Proposed requirements include the provision and the potential publication of (aggregated) information on contracted gas volumes, contract duration, and pricing, as well as more detailed gas reserves data for publication on MBIE's website, and the disclosure of private pipeline data, which Gas Industry Company would publish. We continue to support MBIE in developing an efficient process for collecting private pipeline data from the relevant parties. MBIE expects the regulations to be in force by mid next year.

Review of Gas Specification

This workstream considers whether there are opportunities to expand the gas specification, or its application, to enable material additional sources of gas supply (both domestic and LNG) while at the same time ensuring that appropriate levels of safety and reliability are maintained for consumers and balancing the commercial interests of industry participants.

We expect to publish the final report by the end of the year.

Gas governance rule changes

Following Ministerial approval of our recommendation last year, we have circulated a first draft of changes to the Gas (Downstream Reconciliation) Rules 2008 and Gas (Switching Arrangements) Rules 2008 to stakeholders. The changes make provision for advanced gas metering, daily allocations, and reconciliation of biomethane injections in downstream networks.

We held an industry workshop in late June to introduce the rule amendments. It was well attended by industry participants, who were engaged on the topics presented. Following this, consultation on the draft rules closed at the end of July and submission analysis is underway. In terms of next steps: we expect the current phase of revising the rule drafting to last through to the end of the year, with consultation on a final draft running into the first quarter of 2027 allowing the amended rules to be approved by the end of FY2027.

We continue to administer, monitor and enforce New Zealand's gas governance arrangements, including critical contingency management, retail switching, downstream reconciliation, compliance, and industry levy settings.

Changes to the CCM Regulations

The amended Gas Governance (Critical Contingency Management) Regulations 2008 came into force on 24 September 2026.

The amendments implement Gas Industry Co's recommendations to adjust existing processes to the new operational reality and to improve efficiencies in the areas of curtailment order, pressure threshold ranges, and communication flow.

Gas Industry Co has held training and information sessions to support affected participants to adjust their processes to comply.

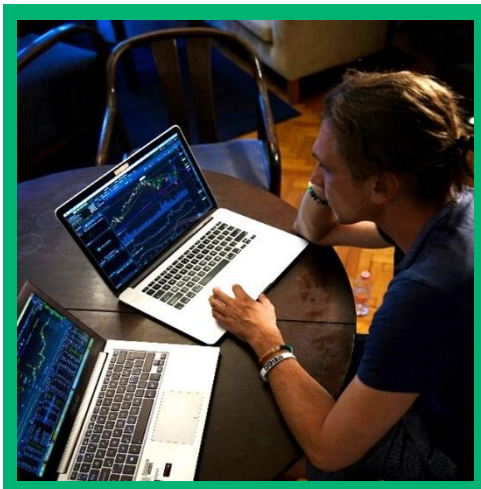
Biogas

The biogas industry working group facilitated by Gas Industry Co has commenced work on developing industry agreements to achieve voluntary biogas blending, establish long-term standing contracts, and support the certification scheme to reduce investment risk.

Annual Report 2025/2026

In September, we provided you with Gas Industry Co's Annual Report 2025/2026. The report reflects on the past financial year's work programme and outlines our upcoming strategy, financial statements, corporate governance, and co-regulation activities.

The Annual Report 2025/2026 is published on our website.



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

More information:

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Call us: 04 472 1800 Email us: info@gasindustry.co.nz Visit our website: www.gasindustry.co.nz