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# Quarterly Report

## September 2025

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

We are the industry co-regulator, working with industry and government for safe, efficient, reliable, fair, and sustainable gas delivery.

The [Government Policy Statement on Gas Governance](#) requires us to report quarterly to the Minister for Energy 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 quarterly report is provided to meet that requirement.

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

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## Gas today

As we move through Spring, the short-term gas supply situation appears to have eased. Following recent heavy rain, hydro storage increased to higher than usual levels for this time of year, and an increased snowpack has boosted storage in the Waitaki catchment. The Huntly coal stockpile has grown to a 13-year high, and additional gas has been added to the Ahuroa Gas Storage facility.

While this short-term stabilisation is welcome, longer-term security of supply issues remain.

Concerns around the ability of industrial consumers to secure reliable gas supply at affordable prices remain. Some industrials are considering options to use alternative fuels, reduce production or close altogether. Contact Energy have opened a registration of interest for industrials and manufacturing firms interested in transitioning industrial process heat to renewable energy sources.

Domestic consumers are also facing significant price increases. Some retailers are no longer accepting new connections, and others are actively working to move consumers onto alternative fuels.

We have seen positive signs with new gas volumes coming on stream at Mangahewa and Greymouth Gas testing of a recently drilled well at Kaimiro in central Taranaki, and drilling another at Turangi. Gas has also been reinjected at Ahuroa. However, while this appears to signal a more fully supplied gas market, this is not expected to last beyond this summer, and the risk of an exit of both Maui and Methanex remains, by mid-2027 if not earlier.

The Commerce Commission has approved the deal between the major electricity generators to keep a Rankine unit running at Genesis Energy's Huntly Power Station. With TCC expected to close later this year, the Huntly Rankine unit will provide back-up for renewable electricity generation during times of short supply and high demand. The deal gives Contact, Meridian, and Mercury an option to access certain generation capacity until 31 December 2035.

The Government has expanded the \$200 million co-investment fund to include short-term exploration and new storage facilities. MBIE will manage the fund through its regional economic development and investment unit (Kānoa). The fund will offer a range of commercial investment structures with investment decisions made jointly by the Minister for Resources and the Associate Minister of Finance, supported by an independent advisory panel with in-depth knowledge of the gas sector. MBIE is expected to call for expressions of interest later this month.

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. We look forward to further announcements in relation to LNG next month.

Clarus has announced the sale of the Clarus brand, Firstgas pipelines, Rockgas LPG business, Ahuroa storage operator Flexgas and First Renewables to Canadian-based infrastructure investor Brookfield, with Powerco taking over the electricity distributor Firstlight Network, formerly part of Eastland Group.

## Castalia Report – Switching off the gas distribution network study

We, in conjunction with ECCA, engaged Castalia to analyse the economic and emissions impacts of ending gas supply through distribution networks to consumers.

The study concluded that decommissioning is not economic, but it does significantly reduce emissions. It found that outcomes were dominated by the estimates of future energy costs (for

electricity or gas) in the sense that these prices overwhelm the cost of electricity infrastructure upgrades and appliance replacement and remediation. The cost of gas would have to increase by 70-80%, or electricity decrease by an equivalent amount, to make decommissioning economic. The pricing effect is especially relevant for industrial and commercial consumers, while the effects for residential consumers are close to neutral.

The study was well received, providing new data and a different perspective to stimulate discussion across the energy sector. A copy of the report, and a recording of the webinar presented by Castalia, are available on our website.

## 2025 Supply and Demand study

PwC have been engaged to complete this year's Gas Supply and Demand study. Our regular Supply and Demand studies provide insights for industry and policymakers about the potential outcomes from decisions about possible pathways for the sector.

We plan to release the study in December. From 2026, our Gas Supply and Demand studies will be codified.

## Annual Report 2024/2025

In September, we provided you with Annual Report 2024/2025, which includes a reflection on the past financial year's work programme, upcoming strategy, financial statements, corporate governance and co-regulation.

The [Annual Report 2024/2025](#) is published on our website.

# Gas industry data insights

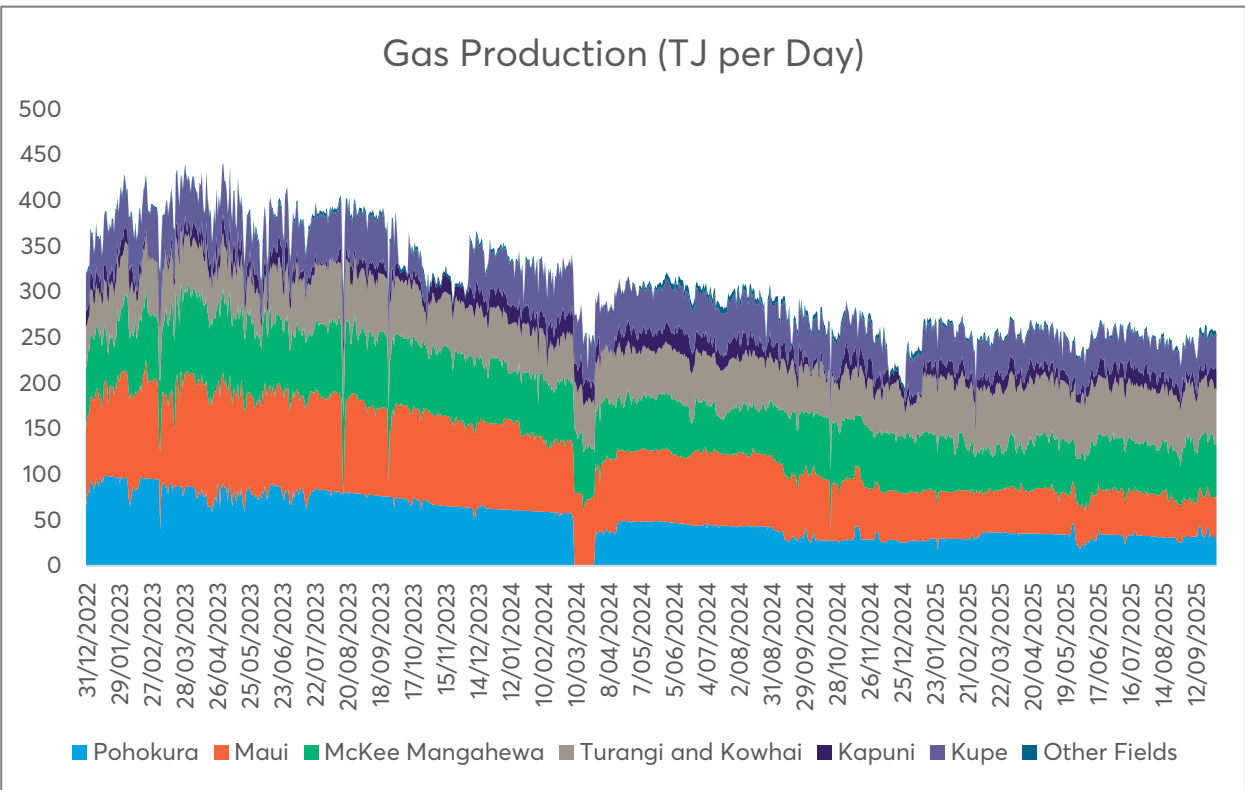
## Production

Gas production in the September quarter held steady on the previous quarter at 23.1PJ. However, production remains well below the September quarter last year, down 13.5%. This marks the third straight quarter of year-on-year decline.

Total production for the year to date (Q1–Q3) stands at 69.0 PJ, a 35% drop from the same period in 2024.

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	-	-
Total	135.8	106.2	69.0	

*These figures exclude gas transmitted through private pipelines.*



## Supply Projections

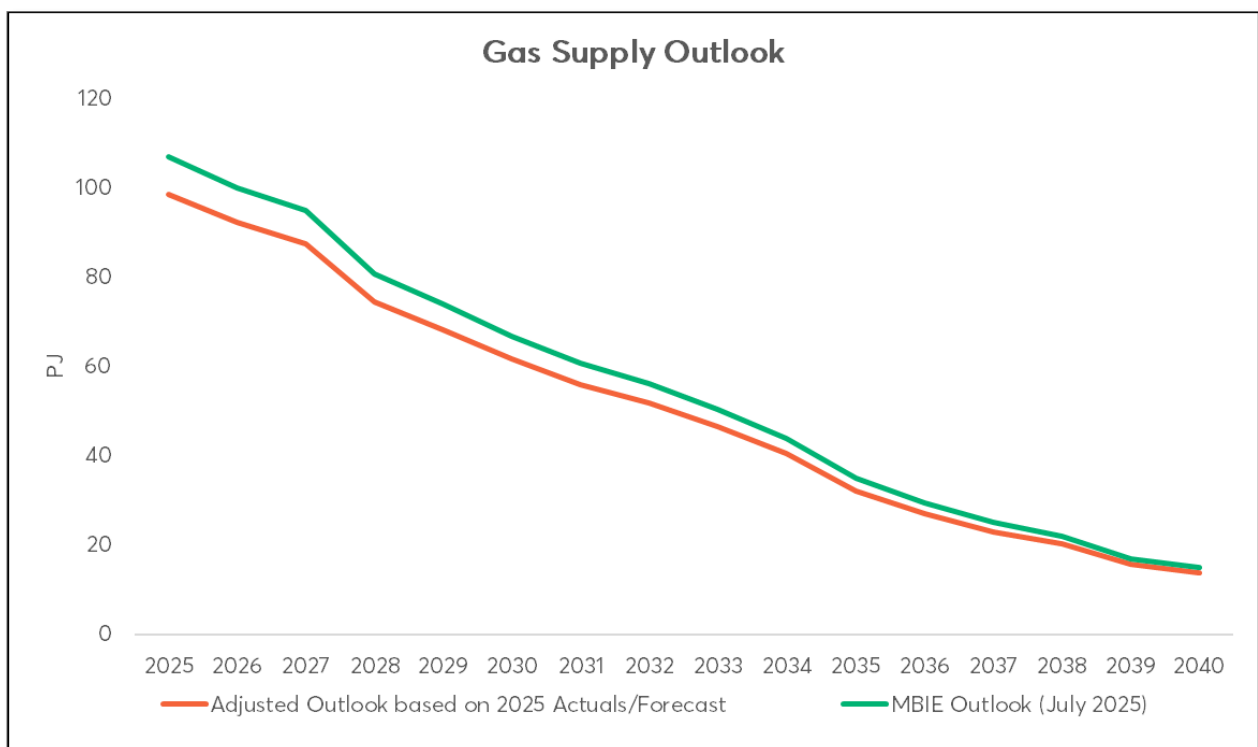
The Gas Supply Outlook projections graph is based on actual gas production to date and assumes current patterns continue. It shows two projections across all fields to 2040:

- 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 difference between the two lines demonstrates the variance between initial estimates and observed results and depicts projections if this variance persists through the projection period.

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.

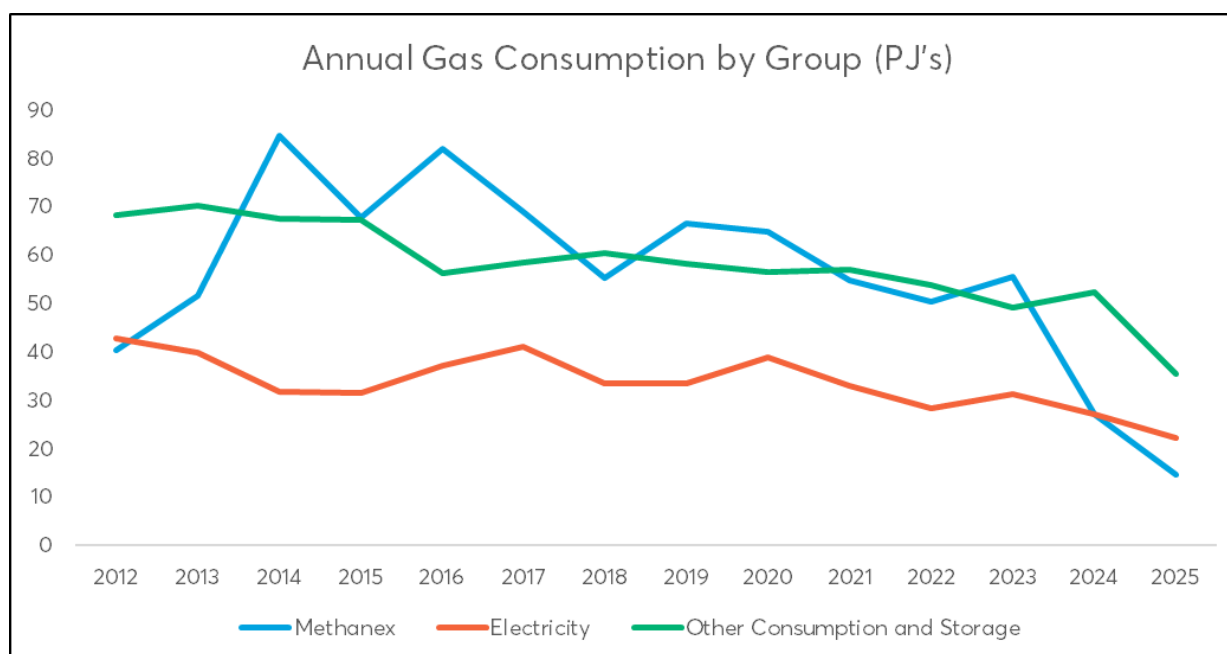
The graph below uses MBIE's latest Petroleum Reserves Data, as published in July 2025 (1). This data is provided with a standard '2P' 50% probability that ultimate volumes will be greater or less than stated. 1P and 1C reserves data is also available on the MBIE website.



## Gas consumption

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

<sup>1</sup> [Petroleum reserves data | Ministry of Business, Innovation & Employment](#)



The table below compares gas consumption for Methanex and Electricity generators. In Q2 2025 we saw Methanex completely shut down and on-sell their gas to electricity generators to support winter electricity peak demand, hence the fall to only 2.26PJ of gas usage. In the September quarter, Methanex resumed Methanol production as their gas-sale contracts to electricity generation rolled off.

The substantial reduction in Methanex consumption from 56PJ in 2023 to what will likely be around 18PJ in 2025, is due to Methanex operating only one train at Motunui for most of 2024 and 2025 and intermittently idling production to make gas available for electricity generation.

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

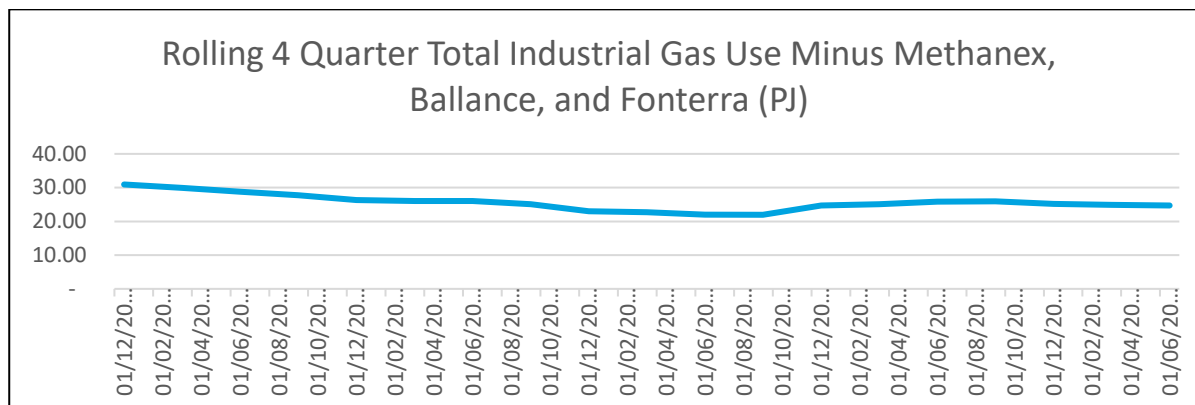
*These figures exclude gas transmitted through private pipelines.*

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	-	(59.31%)	-	Q4	5.26	3.51	-	(33.24%)	-
Total	55.53	27.03	13.75	(51.33%)	-	Total	31.09	27.05	21.79	(2.99%)	-

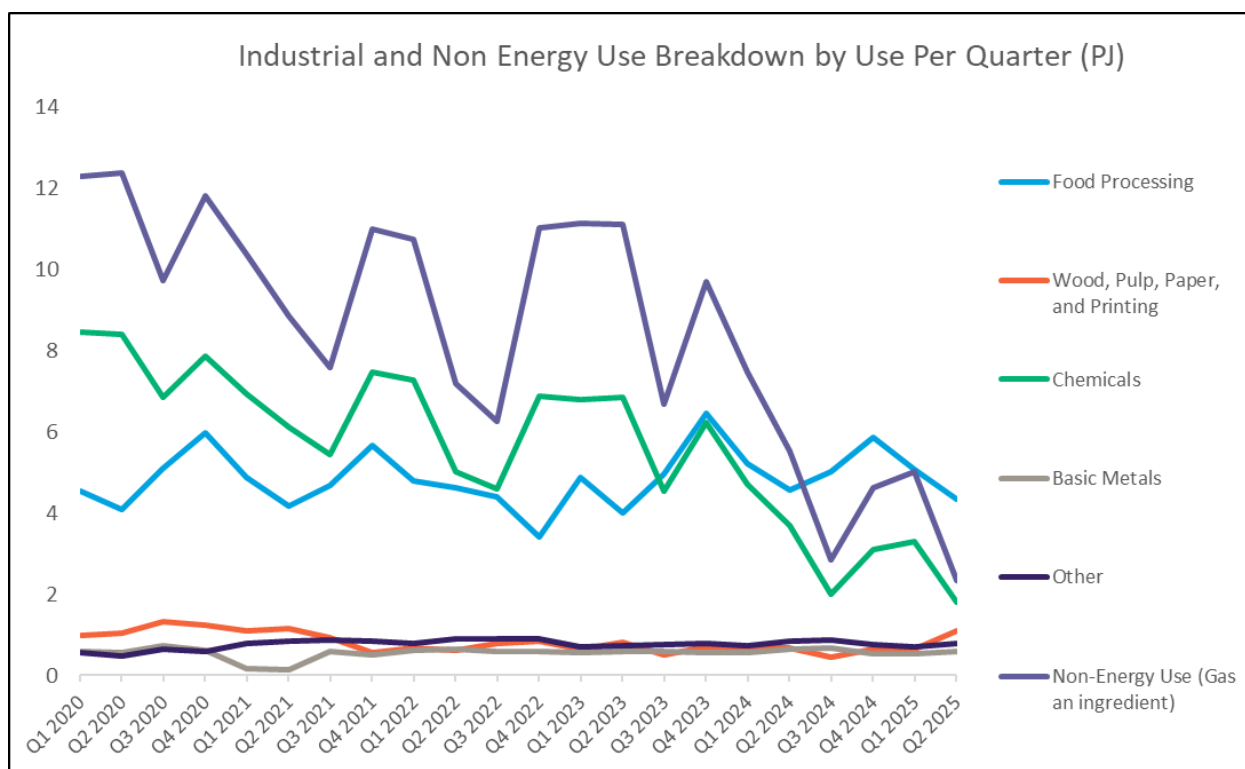
## Industrial Gas Use

The Rolling 4 Quarter Total Industrial Gas Use graph shows a decline in gas consumption for small to medium sized industrial gas users from 30.94PJ in 2020, to 22.99PJ in early 2023. Since then, consumption for these gas users appears to have stabilised at around 25PJ.

This graph uses data derived from MBIE's gas consumption statistics (2), 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.



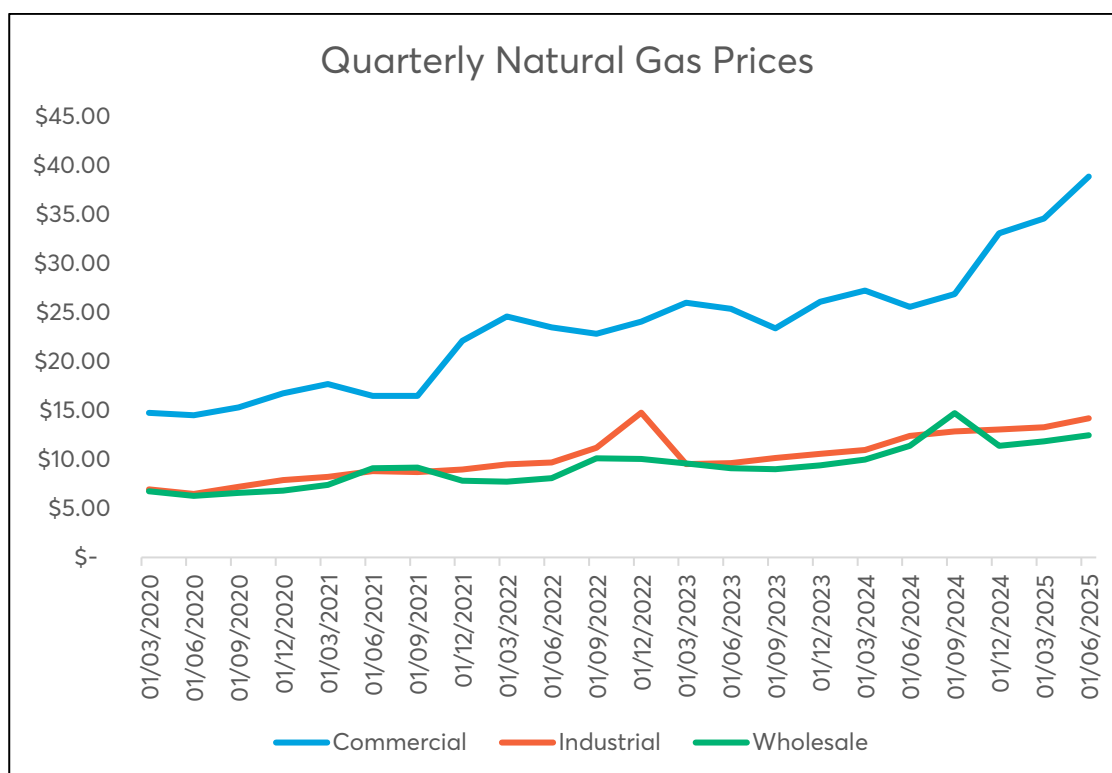
<sup>2</sup>Gas statistics | Ministry of Business, Innovation & Employment

## Commercial and industrial prices have increased over the past year

Commercial, wholesale and industrial prices continued an upward trend in the September quarter. Prices exclude GST (as these sectors can either claim back GST or are exempt).

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 Q2 2025 from MBIE's Energy Prices dataset (3) and is reported with a one-quarter lag.



## Monthly spot prices

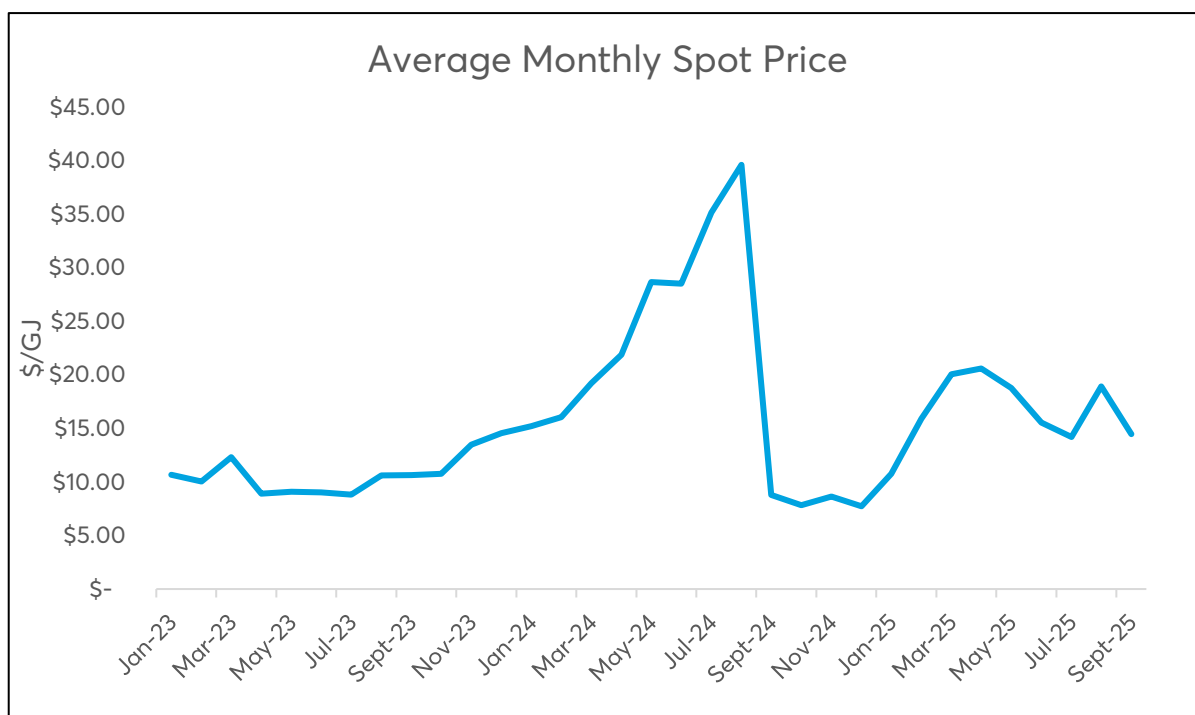
In 2024, 4.95PJ (4.6%) of total natural gas production was traded on emsTradepoint (excluding private pipeline sales).

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

Spot market prices remain below last year's winter spike, however the June quarter 2025 is around \$6/GJ higher than in the same quarter in 2024. This is likely due to a range of factors including dwindling gas supplies and poor hydrology at the time leading to slightly increased price premiums relative to the same period last year.

<sup>3</sup> [Energy Prices | Ministry of Business, Innovation & Employment](#)

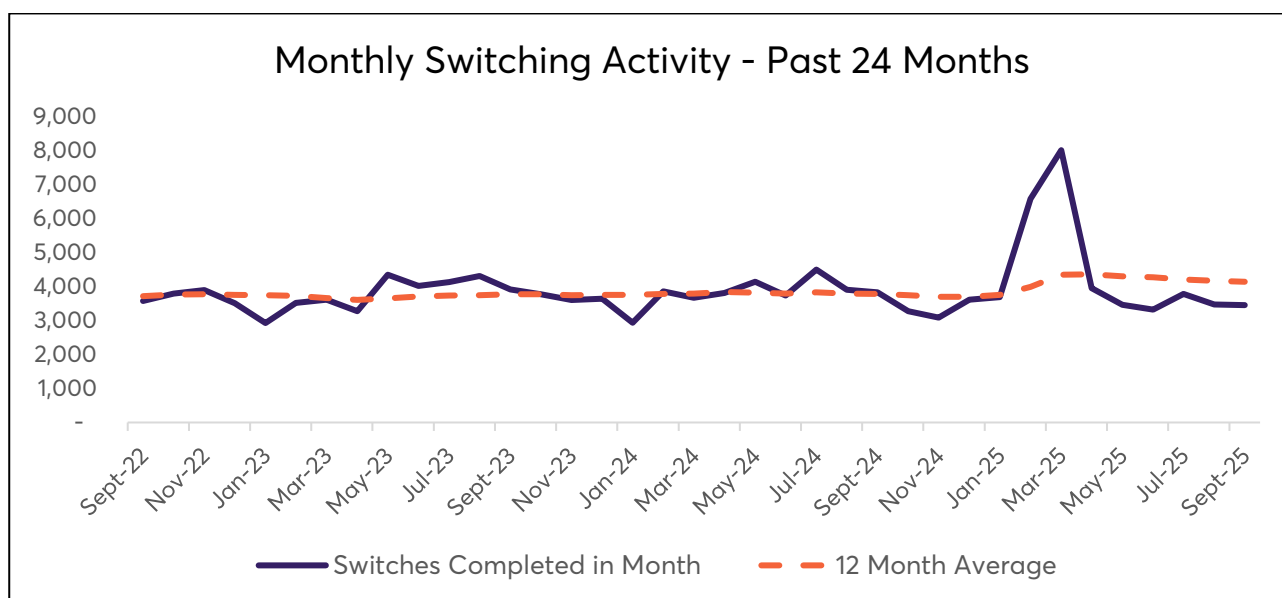




## Consumer switching

Over the last four quarters (1 October 2024 to 30 September 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.

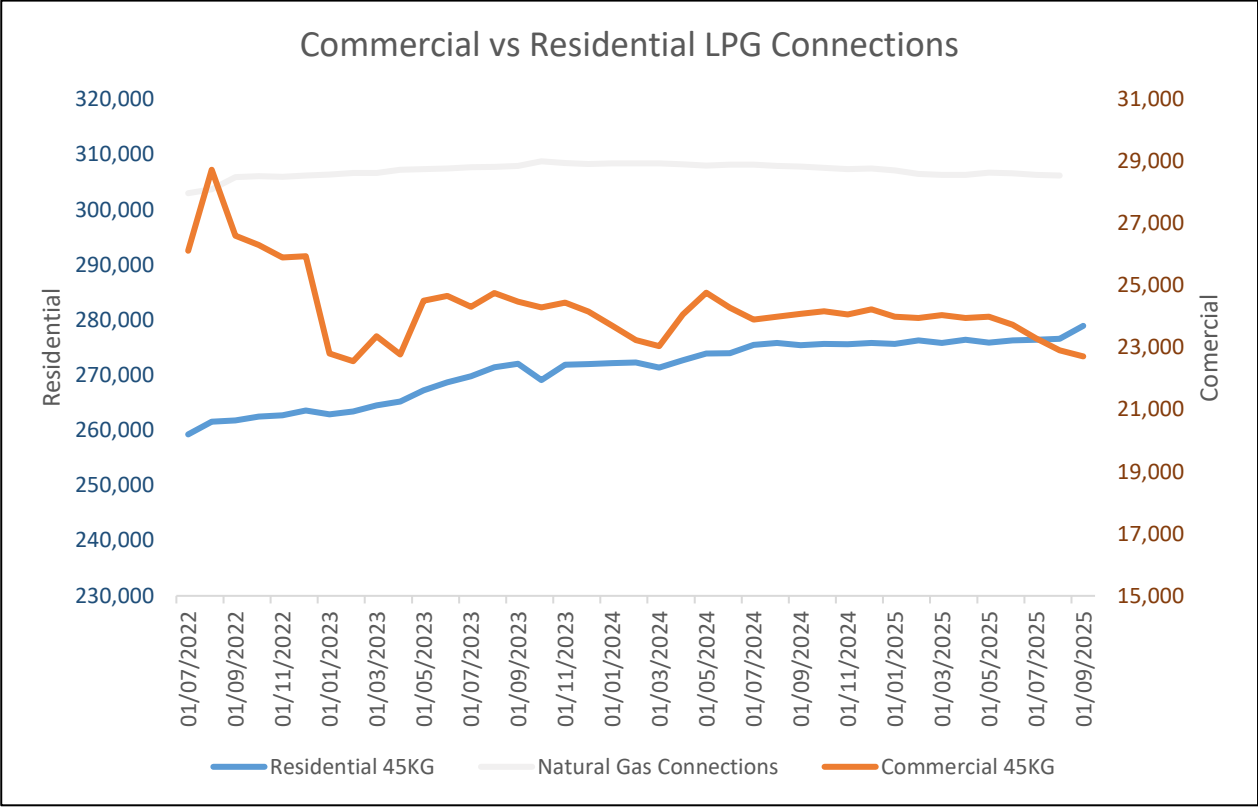
On average, switches are completed within three business days.



## Liquid Petroleum Gas (LPG)

The graph below demonstrates trends in the LPG market (45kg bottle). It shows residential LPG connections continued their steady growth, while Commercial LPG connections fell in the

September quarter 2025 after a period of relative stability. It is not possible to conclude whether the decline in commercial LPG connections reflects a response to LPG market conditions or general economic conditions.



**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

## Update on Biogas

The Government Statement on Biogas reaffirmed the Government's support for a renewable gas market and thriving domestic biogas market. It noted that the Government will take a market-led approach to supporting the establishment of a biogas market, with industry expected to play a central role in driving innovation, investment and the scaling of biogas solutions.

We intend to provide 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.

## Gas infrastructure decommissioning costs

The costs associated with decommissioning gas infrastructure is emerging as a residential consumer issue. There appears to be a perception that the decommissioning of gas infrastructure is necessary if gas is no longer required at a residential consumer's property, when disconnection may achieve a similar outcome.

The difference between disconnection and decommissioning gas infrastructure relates to the nature of the work at the consumer's site. Disconnection, which only requires removal or isolation of supply at the meter, is significantly less expensive than decommissioning, which requires the additional step of excavating the consumer's service line to physically isolate the service line from the main distribution network.

We are reviewing the approach taken by retailers to consumers who no longer require gas, to establish whether this is consistent. If required, we intend to provide additional guidance to stakeholders to ensure that accurate information is made available to consumers.

## Revised Consumer Care guidelines

We have completed consultation on proposed new Consumer Care Guidelines to bring the gas guidelines into alignment with the new Electricity Consumer Care Obligations.

Feedback was received from three submitters. Two retailers supported the new guidelines and provided relatively minor comments. A more detailed response was submitted by Utilities Disputes and included drafting suggestions based on their experience as the body responsible for resolving complaints between consumers and retailers.

We are currently working through the feedback and will make changes to the new guidelines where appropriate.

## Regulatory Standards Bill Exemptions

The [Regulatory Standards Bill 155-1 \(2025\), Government Bill Contents – New Zealand Legislation](#) introduces a set of principles for responsible regulation focusing on good law-making processes and the effect of legislation on existing interests and rights. All new primary and secondary legislation will be assessed against these principles.

We are currently working with MBIE to identify any parts of the Gas Act 1992, and associated rules and regulations, that could potentially be exempt from these requirements by virtue of being

administrative in nature. We expect the Ministry for Regulation will consult with agencies on the advice received for Cabinet consideration, and that they will contact us as is appropriate.

## Gas specification

A review of the current gas specification NZS5442 will consider recent developments in the industry including changes in gas production from existing fields and the possibility of importing LNG. In the case of LNG, the gas specification has the potential to increase or constrain potential sources of LNG supply.

Our 2006 review of the gas specification did not require changes, but did highlight that gas producers, petrochemicals, electricity generation and appliance manufacturers have a variety of perspectives regarding the gas specification.

We intend to undertake work to consider whether existing arrangements remain appropriate and have allocated budget for this work in FY2026.

## Critical contingency event modelling

We have contracted the Critical Contingency Operator (CCO), Plant and Platform (P&P), to model the management of critical contingency events without the availability of Maui, Methanex and Ballance to stabilise the system.

With lower gas production levels and two large consumers being potentially unavailable for initial curtailment to keep the system stable, gas consumers in higher bands could be required to curtail their gas consumption earlier in the event of a critical contingency event.

P&P will model relevant critical contingency scenarios so that consumers in the affected bands can be made aware of the increased risk of curtailment to update their risk management plans accordingly. P&P will deliver the report by the end of February 2026

## 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).

MBIE has provided us the second draft of the PCO's amendments, which we have worked through to ensure alignment with the policy intent of the recommendations. The next step will be for MBIE to engage key stakeholders in a targeted consultation on the draft amendments. This consultation is expected to close before the end of the year.

## Performance Audit Programme

Gas Industry Co commissions performance audits of compliance with the Gas (Downstream Reconciliation) Rules 2008 and the Gas (Switching Arrangements) Rules 2008 (together 'the Rules') to assess the performance of an allocation participant, and its associated systems and processes, in terms of compliance with the Rules.

Our current, scheduled, performance audit programme commenced in late 2023 and is nearing completion, and indicates the level of compliance of participants with their obligations under the Rules continues to remain high across the industry.

We have been preparing for the implementation of the next 3-yearly round of performance audits of retailers, distributors, and network owners under the Rules.

## Gas market information

Following the release of the Frontier Report, on 6 October, MBIE published a consultation paper inviting submissions about additional gas market information, to improve its understanding of the gas market as well as enhancing overall gas market transparency. MBIE has asked for our feedback on submissions received, which were due on 7 November 2025.

# Gas Industry Co updates

## David Prentice appointed as Gas Industry Co's Chief Executive

On 3 November, David Prentice commenced his role as Chief Executive of Gas Industry Co, replacing Andy Knight who left at the beginning of September.

David was most recently Chief Executive of NZ Windfarms, and before that the inaugural Chief Executive of Manawa Energy, Chief Executive and Director of Trustpower and Chief Executive of Opus International Consultants. David was also the Chair of the Interim Committee for Climate Change and is currently on the Board of Northpower and Martin Jenkins.

David graduated from the University of Edinburgh with a Bachelor of Engineering (Hons) degree and a PhD in Engineering. He is a member of the Institute of Directors, a Chartered Professional Engineer and a Fellow of Engineering New Zealand.

## OMV's Erwin Kroell joins Gas Industry Co Board

General Manager for OMV New Zealand, Erwin Kroell, joined the Gas Industry Board in September as a non-Independent Director.

Erwin's background is as a petroleum engineer. He recently moved to New Zealand to take up the role of General Manager for OMV New Zealand. His previous roles include being the Chief Operating Officer for SapuraOMV in Kuala Lumpur, and Senior Vice President OMV for the Middle East and Africa, based in Abu Dhabi. Before moving to the UAE, Erwin was responsible for the Middle East & Caspian Region.

## Gas Industry Co and Electricity Authority set out framework for cooperation

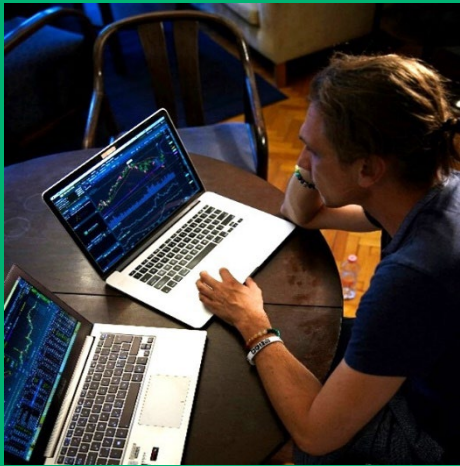
On 28 August, Gas Industry Co and the Electricity Authority signed a Memorandum of Understanding (MoU) that sets out how we will coordinate our respective roles and a framework for cooperation. The principles in the MoU will guide our interactions in relation to our work programmes and any information sharing between us.

## Co-Regulatory Forum

Our annual co-regulatory forum will be held online on Thursday 27 November, 10.00am – 12.00pm.

Our co-regulatory model relies on the input of industry to develop our FY2027 work programme and associated levy budget. The work programme, levy, and the feedback from the forum will form the basis for the detailed proposals which will go out for industry consultation in mid-December.

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



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](mailto: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:

To get in touch or to find out more about the work we do:

Call us: 04 472 1800

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Visit our website: [www.gasindustry.co.nz](http://www.gasindustry.co.nz)