

Statement of Intent

Financial Years 2027–2029



Gas Industry Co.





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Gas Industry Company Limited (Gas Industry Co) was established in 2004 as the 'industry body' under Part 4A of the Gas Act 1992 (Gas Act). Our core theme is to facilitate the key role of gas in supporting New Zealand's increasingly renewable future for end users.

This Statement of Intent has been prepared by Gas Industry Co to meet the requirements of section 43ZQ of the Gas Act. It sets out the intended scope and objectives of Gas Industry Co's operations for the financial year ended 30 June 2027, and the following two financial years (30 June 2028 and 30 June 2029), and it provides information about Gas Industry Co and its operating environment.

The work programme described in this Statement of Intent is designed to meet the governance objectives set out in section 43ZN of the Gas Act, with regard also to the objectives and outcomes of the April 2008 Government Policy Statement on Gas Governance, as well as the wider strategic objectives of Gas Industry Co.

Gas Industry Co's 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 of ensuring 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 report on the achievement of those objectives and on the performance and the current state of the New Zealand gas industry.



Hon Amy Adams
Chair
June 2026



Sam Elder
Deputy Chair
June 2026



Foreword

This Statement of Intent has been prepared during a period of significant challenge for New Zealand's gas markets, marked by supply constraints, increased reliance on uncontracted gas for electricity generation during peak demand and dry years, and more recently, conflict in the Middle East which is likely to put pressure on the supply of imported fuel to gas industry participants.

Indigenous gas supply constraints and the increased reliance on uncontracted gas for electricity generation have driven higher gas prices. This has left some industrial and commercial consumers unable to secure new contracts at affordable prices, leading to difficult decisions: paying more for gas, switching fuel (with the additional costs that come with such a change), reducing production, or closing altogether.

While spring and summer rain and snowfall have somewhat eased pressure on the system, the market is still likely to experience periods of stress in the future.

The Government's decision to build an LNG import facility will provide much needed additional, flexible energy supply. This decision aligns with the findings of the 2026 Gas Supply and Demand study, completed by PwC, which found that LNG could provide a scalable and responsive source of gas to manage seasonal variability and support electricity generation during dry years. The study found LNG could also be a viable economic option for other gas users.

However, considerable uncertainty remains regarding the nature of the facility and whether it will be completed and operational by 2027 or early 2028 as proposed. Hostilities in the Middle East provide further uncertainty. Given the indicative two-year timeframe, the market is likely to experience further periods of elevated demand for gas relative to available supply, particularly when gas is needed for winter electricity generation.

New Zealand needs more energy to enter the system and gas, in all its forms, will continue to play an important role in our energy future. There is gas in the ground to meet our needs, but investment is needed to develop it.

The Government has taken steps to improve the energy supply situation by passing the Crown Minerals Amendment Bill overturning of the 2018 exploration ban, introducing a \$200 million co-investment fund, moving to reduce sovereign risk, as well as the decision to develop an LNG import terminal. However, none of these are immediate fixes.

The comprehensive work programme outlined in this Statement of Intent was socialised with the sector at the Co-regulatory Forum in November 2025 and consulted on in December 2025 and January 2026. It includes initiatives to respond to the challenges of the changing gas and wider energy context. We respond when issues arise that have been anticipated in this Statement of Intent. Where a greater commitment of resources is required, the historical approach has been for the Minister for Energy (the Minister) to request that we work on a new issue, providing an accountability mechanism for work funded by the levy.

Gas, in its different forms, will continue to play an important role in New Zealand's energy future, including supporting energy security and affordability, the growth of renewables, and the transition to a low carbon future. We will be at the centre of that transition to ensure it occurs in a managed way.

Our role, as the industry body and co-regulator, will see us providing a more proactive, independent and authoritative voice, as we work with government, industry and gas consumers to support the goal of a resilient and affordable energy supply. Our core theme is to facilitate the key role of gas in supporting New Zealand's increasingly renewable future for energy users.

Our FY2027 work programme addresses three strategic issues – gas supply, viability of networks, and gas pricing, as well as our ongoing gas governance activities and role as an educator and influencer.

Part of our role as the industry body, is to engage and consult widely with industry, government, fellow regulators, and our wider group of stakeholders. We will continue to strengthen alignment and collaboration with government agencies including the Commerce Commission, the Electricity Authority, EECA and MBIE; support sector collaborations; and strengthen our connection with, and support for, end users. We are grateful for their contribution and ongoing constructive involvement.



Hon Amy Adams
Chair
June 2026



David Prentice
Chief Executive
June 2026



Summary of work programme priorities

This section summarises some of the priority items in Gas Industry Co's work programme for FY2027. The work programme is summarised in Table 1.

Our FY2027 work programme focuses on three strategic issues: Gas supply, viability of networks, and gas pricing, through a number of recently commenced or proposed activities.

We have also listed 'other activities' which include our ongoing role to educate and influence, and in administering Gas Governance arrangements.

Our work programme structure requires flexibility year-to-year as work programmes move between categories and multi-year pieces of work take shape.



Table 1. FY2027 work programme – Gas Industry Co roles and activities

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		

Consultation process

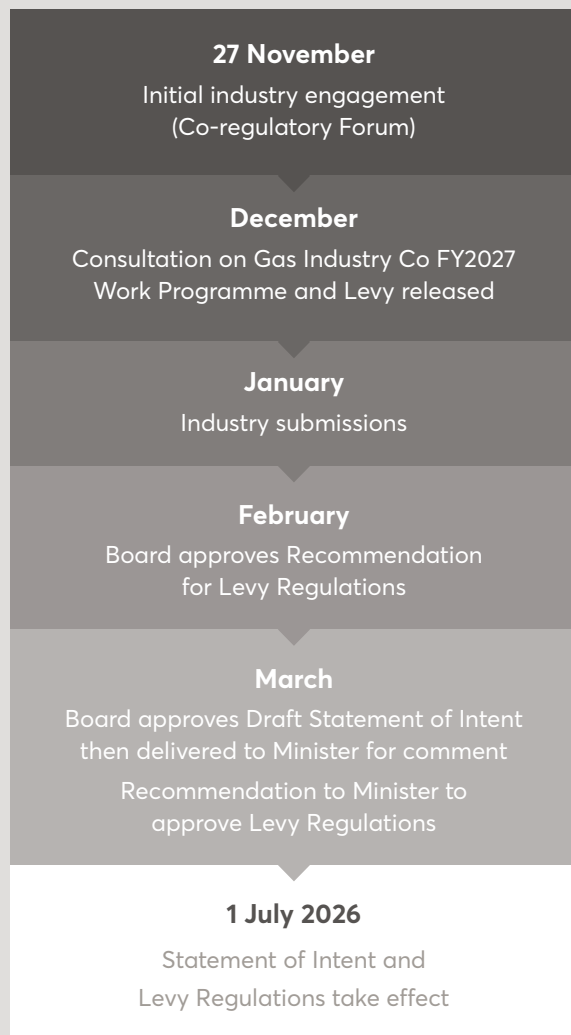
Consultation with industry stakeholders on Gas Industry Co's intended work programme and budget requirements commenced with the Co-regulatory Forum in November 2025.

The work programme and budget addressing Gas Industry Co's strategic priorities were detailed in the Consultation Paper issued in December 2025. Submissions received on the Consultation Paper were considered in finalising the recommendation to the Minister for levy funding through regulations (Levy Recommendation) for the financial year ending 30 June 2027.

The consultation process led to the development of this Statement of Intent which, along with the Levy Recommendation, provides the basis for Gas Industry Co to deliver robust outcomes for gas consumers and the wider industry as part of our mandate as the industry body. The Levy Recommendation and draft Statement of Intent are presented to the Minister in March each year.

Figure 1 sets out the consultation and approval processes leading to the annual promulgation of Levy Regulations.

Figure 1. Consultation process



Operating environment

Gas Industry Co's work programme is directly influenced by the industry structure and the legislative and policy framework. Together these form Gas Industry Co's operating environment.

Industry context

Gas Industry Co commissions regular supply and demand studies to help inform national discussion by highlighting the key issues, risks and uncertainties facing New Zealand's gas and wider energy markets.

Our latest study, published in March 2026, provided an updated view of how the gas market may respond as indigenous gas supplies continue to decline.

The study, prepared by PwC, considered two scenarios: one where the market relies on declining indigenous gas supply only, and a second where LNG is available to supplement domestic gas production.

It showed, that as indigenous supply continues to decline, consumers will face a rapid and potentially turbulent gas transition resulting in commercial and industrial businesses having to switch to higher priced alternative energy sources or to close their operations, and gas-fired electricity generation forced to operate at constrained levels.

Under the first scenario where the market relies on declining indigenous gas only, the study showed that the energy system will face increasing security of supply risks in dry years, with the loss of flexible gas supply to support electricity generation, the potential for higher gas and electricity prices, further industrial closures, and accelerated demand reduction.

Under the second scenario where LNG is available to supplement domestic gas production, the study highlighted that LNG could provide a scalable and responsive source of gas to manage seasonal variability and support electricity generation during dry years. It showed that LNG could also provide a viable economic option for other gas users, which could see its use extended beyond electricity security.

The study projected that gas prices would be materially lower when LNG is used to support indigenous gas supply than they would be without the availability of LNG. Contracts and hedging could be used to help manage risks associated with an international LNG market, whereas risks associated with declining indigenous gas production remain more difficult to mitigate.

The findings of the 2026 Gas Supply and Demand study concurred with the Government's decision to establish an LNG import facility to support the reliability, flexibility and security of New Zealand's energy supply.

At a time when New Zealand's indigenous gas supplies are in decline, LNG will provide the flexibility we need to manage the transition towards a renewable energy future at a more measured pace and reduce recent energy price volatility.

Our major producing fields continue to decline with key fields expected to close within the next year or two. Gas is available, but it requires favourable investment conditions to bring it to market.

Recent developments including the passing of the Crown Minerals Amendment Bill overturning the 2018 exploration ban, introducing the \$200 million co-investment fund, and moving to reduce sovereign risk, may help to improve investor confidence, but they are not immediate fixes.

The Government Statement on Biogas noted that the Government will take a “market-led approach” to supporting the establishment of a biogas market. We are working with the Minister and industry to identify the actions needed to support the uptake of biogas.

There have also been significant demand-side changes in the gas sector, where some large gas customers have exited, and others are expected to follow. This not only impacts the long-term demand for gas, but it affects the ability to use demand response as a tool to manage the market. It also brings into question the viability of the gas transmission and distribution networks, which will be considered as part of the FY2027 work programme.

The New Zealand energy sector is further challenged by hostilities in the Middle East which have resulted in world-wide security of supply issues. Potential disruptions to the flow of imported fuel will impact gas industry participants, particularly those reliant on diesel and aviation fuel.

Overall, the strategic context continues to be defined by security of supply. The highest priorities for the industry in this context are investment in field development, progressing new gas supply options, and ensuring the market adequately manages supply and risk for all consumers.

Legislative and policy framework

The gas industry, downstream of the exploration and production sector, is operated under a co-regulatory model. Gas Industry Co, as the industry body, creates the link between government and industry, delivers improved governance arrangements for participants and consumers, and provides high quality advice.

Gas Industry Co's regulatory oversight spans wholesale and retail natural gas markets, processing facilities, transmission, and distribution.

The settings are 'co-regulatory' because, under the Gas Act framework, Gas Industry Co makes recommendations to the Minister for Energy having regard to the objectives for the industry body in the Gas Act, and the objectives and outcomes in the Government Policy Statement which are to ensure that gas is delivered to existing and new customers in a safe, efficient, fair, reliable and environmentally sustainable manner.

Other objectives specified by the Gas Act for the industry body in recommending regulations include:

- Facilitating and promoting the supply of gas to meet New Zealand's energy needs, by providing access to essential infrastructure and competitive market arrangements;
- Ensuring barriers to competition are minimised, and incentives are maintained or enhanced for investment in gas processing facilities, transmission, and distribution;
- That delivered gas costs and prices are subject to sustained downward pressure;
- That risks relating to security of supply, including transport arrangements, are properly and efficiently managed by all parties; and
- That consistency is maintained with the Government's gas safety regime.

Additional objectives for Gas Industry Co and the gas industry are set out in the Government Policy Statement, and include:

- The efficient use of energy and other resources that deliver gas to consumers;
- Facilitating competition in upstream and downstream gas markets by minimising barriers to access to essential infrastructure to the long-term benefit of end-users;
- The full costs of producing and transporting gas are signaled to consumers;
- Where gas services include a trade-off between quality and price, as far as possible, they reflect customers' preferences; and
- The gas sector contributes to the government's climate change objectives (as set out in the New Zealand Energy Strategy, or any other document the Minister may specify from time to time) by minimising gas losses and promoting demand-side management and energy efficiency.

The Minister has statutory powers to make rules or to recommend regulations on a wide range of gas governance matters. Gas Industry Co, as industry body and co-regulator, advises the Minister about the exercise of many of these powers and must follow prescribed procedures before making a recommendation. Mandatory requirements include consultation with affected stakeholders and an assessment of the costs and benefits associated with any recommendation. All reasonably practicable options must be considered, including non-regulated options that achieve the same outcome.

Gas Industry Co monitors existing arrangements for effectiveness and relevance.



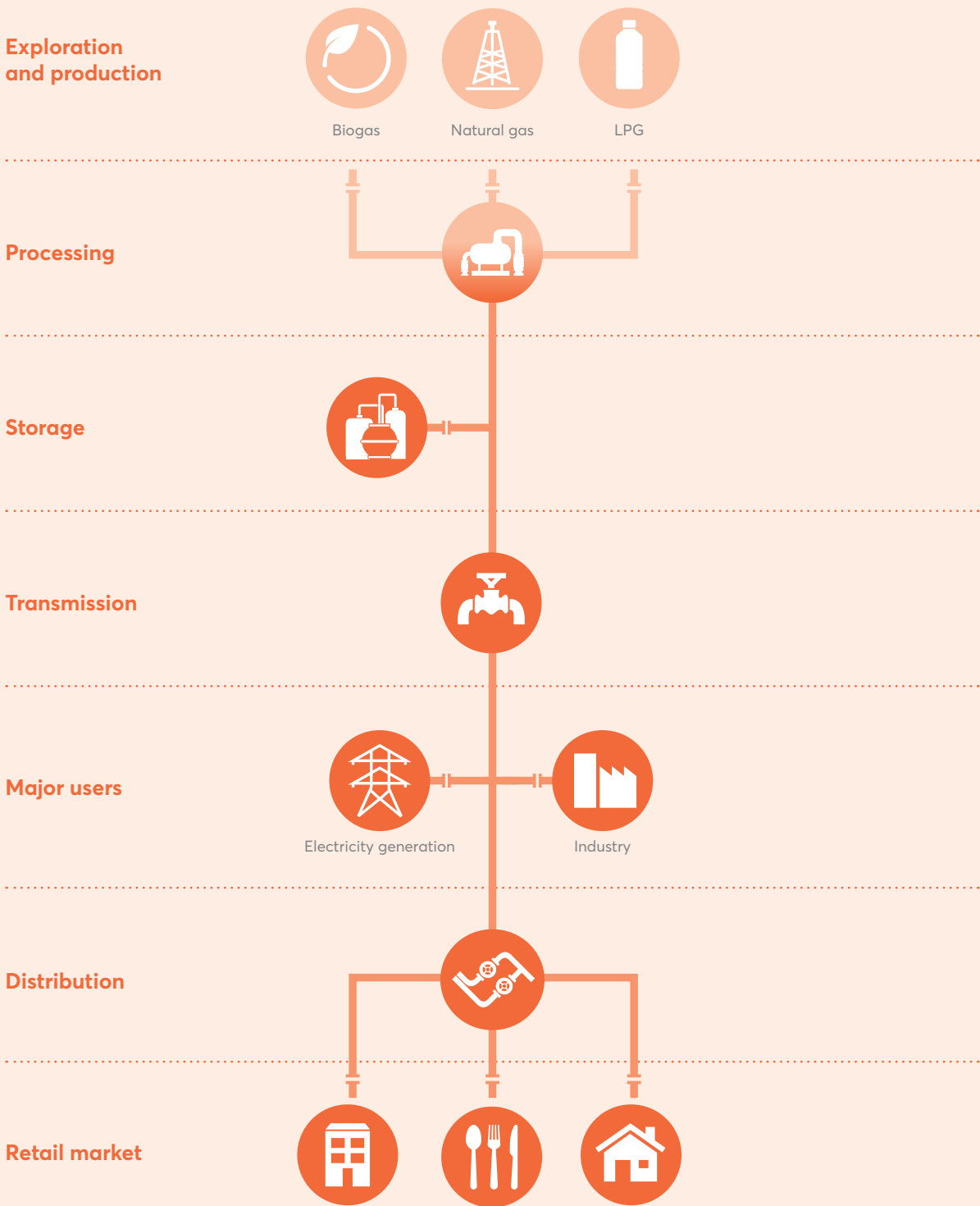
Gas Industry Co governance

Gas Industry Co is owned by industry participant shareholders and is incorporated as a company under the Companies Act 1993.

Strategic oversight of the company is provided by the board of seven directors elected by the shareholders. Four directors, including the chair, are independent (having no material or financial interest in an industry participant), and three are non-independent (usually senior executives of industry participants).

The Board meets about eight times a year and whenever matters require immediate attention. The board has one standing committee, the Independent Directors' Committee, comprising the four independent directors. This committee addresses matters where the industry-associated directors have potential or actual conflicts of interest.

Figure 2. Gas industry structure



Gas Industry Co's Strategy

Gas Industry Co's strategy is to deliver its statutory role and frames its proposed FY2027 work programme.



Industry performance

Gas Industry Co's strategic and work programme objectives seek to align with government policy objectives and outcomes, and to support industry performance, particularly in relation to the supply of gas (in all forms), viability of networks, gas pricing, consumer switching, downstream reconciliation, critical contingency management and transmission system balancing.

Gas Industry Co tracks the performance of the Switching Rules, Reconciliation Rules and Critical Contingency Management Regulations (CCM Regulations) and reports on their ongoing effectiveness, the competitive outcomes they foster, and industry participants' adherence to them.

The retail market is vibrant and competitive

Annual switching rates (as an indicator of contestability in the market) have ranged from 14 per cent to 16 per cent in the last two years. The large jump in switching in early 2025 was caused by the exit of Frank Energy.

See Figure 3 on page 16.

Switches are completed quickly

On average, switches take place in just over two business days. As a comparison, gas switches in the UK take about 17 days for domestic consumers.¹

See Figure 4 on page 16.

Gas customers generally have choice

The seven largest retailers are active at gas gates (where gas leaves the high-pressure transmission system and enters the local gas distribution networks) that together represent 99 percent of consumers.

Market concentration has increased slightly

While the market is significantly more competitive than it was a decade ago, it has become slightly less competitive over the past few years. This is primarily due to the reduction in the number of retailers, including the sale of Trustpower's retail business to Mercury, the exit of Hanergy and Frank Energy, and Megatel signalling its exit by the end of March 2026.

This trend is reflected in the Herfindahl-Hirschman Index (HHI) by region, a commonly used measure of market concentration that sums the squared market shares of all participants, with higher values indicating a more concentrated market and lower values indicating greater competition.

See Figure 5 on page 17.

Unaccounted for gas down over the past decade

Unaccounted for gas (UFG) is the difference between the *declared* gas volumes used, and the *actual* gas volumes used. It is measured at individual gas gates, which are points where the primary gas transmission system connects to local gas distribution networks. There are several causes of UFG which include meter errors, data errors, theft, and system leakage.

1. The UK regulator, Office of Gas and Electricity Markets (Ofgem), publishes a number of retail market indicators, including switching times, on its website at www.ofgem.gov.uk/data-portal/retail-market-indicators

However, it is difficult to determine the extent that each one of these causes is responsible when issues arise.

If left unchecked, UFG imposes a cost on the market because it represents gas that has been used but not disclosed. The cost of UFG is spread across all connected parties on the distribution network for that gas gate. UFG is therefore a measure of market efficiency.

The Gas (Downstream Reconciliation) Rules 2008 were introduced to provide a process to correctly allocate gas volumes used to the responsible retailers. These rules have been instrumental in keeping UFG at low levels, with associated cost savings estimated to be worth several million dollars a year. Benefits include improved market efficiency, more accurate retailer reporting, more equitable allocation of UFG among retailers, greater information transparency, and auditing that can more readily identify anomalies in consumption data.

UFG is currently around 1.0%, which is within the normal range and compares favourably with international benchmarks. Prior to Covid-19, UFG was relatively stable at around 1.3%, however, during the Covid-19 period, it increased to a peak of approximately 1.7% in 2022. This reflected pandemic related operational disruptions such as restricted meter access, disrupted business operating hours, and workforce constraints affecting meter reading. These conditions increased the reliance on estimated meter reads, with UFG arising when these estimates diverged from actual consumption. As the Covid-19 disruptions eased, normal operations resumed and UFG declined. It returned to low levels and currently sits around 1.0%.

See Figure 6 on page 17.

Critical Contingency Management

The CCM Regulations outline the industry's response during supply emergencies.

The response can include demand curtailment.

The CCM Regulations have been activated seven times since they came into full effect in 2010.

The most recent event, in September 2024, was caused by a breach of the pressure threshold after a pipeline integrity gauge (PIG), 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.

Gas Industry Co monitors the effectiveness of the CCM Regulations through reviews of critical contingency events and annual exercises.

Compliance with Governance Rules and Regulations

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

Allegations of breaches are first considered by Gas Industry Co as the Market Administrator. If it deems a material issue exists, the matter is referred to an independent investigator for further examination and, where appropriate, settlement.

Settlements must be referred to the Rulings Panel for approval or rejection.

The Rulings Panel is a one-person quasi-judicial body appointed by the Minister. It also considers matters where parties are unable to settle.

The Rulings Panel can issue fines, make orders for compensation or directing compliance, and suspend or terminate the rights of an industry participant.

Gas Industry Co liaises with market participants and promotes awareness of regulatory requirements.

Figure 3. Monthly switching

● Switches completed in a month

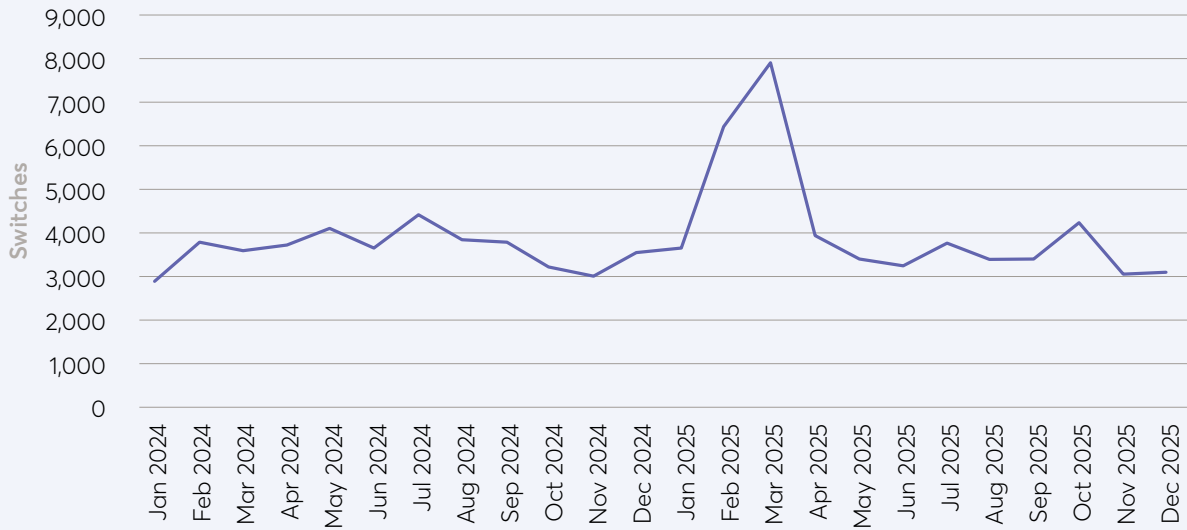


Figure 4. Average switch length

● Average switch length ● 12-month average

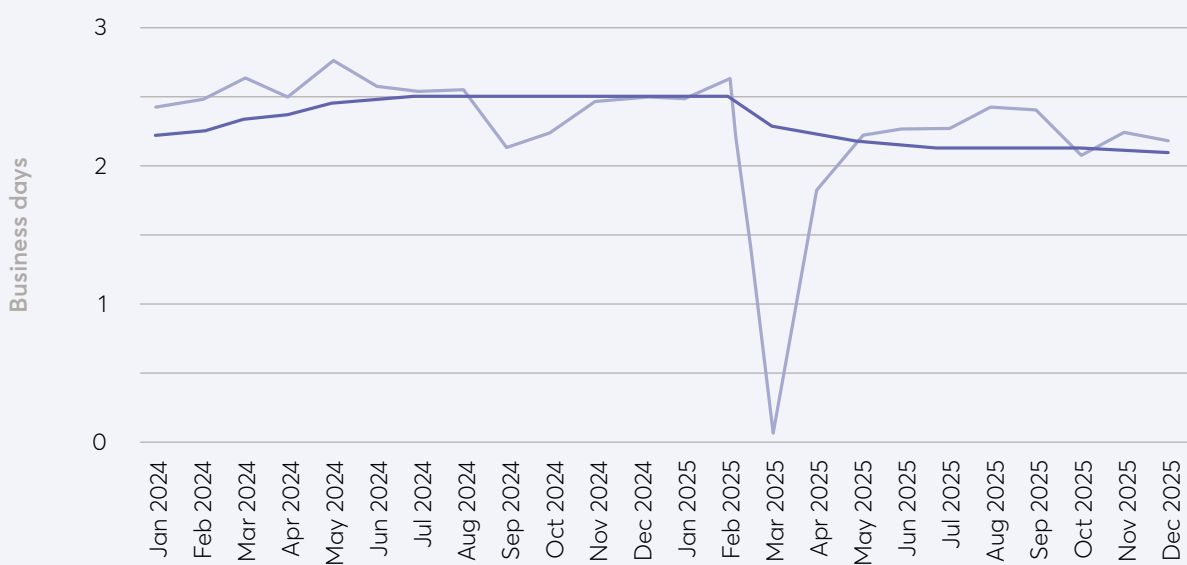


Figure 5. Herfindahl-Hirschman Index by region

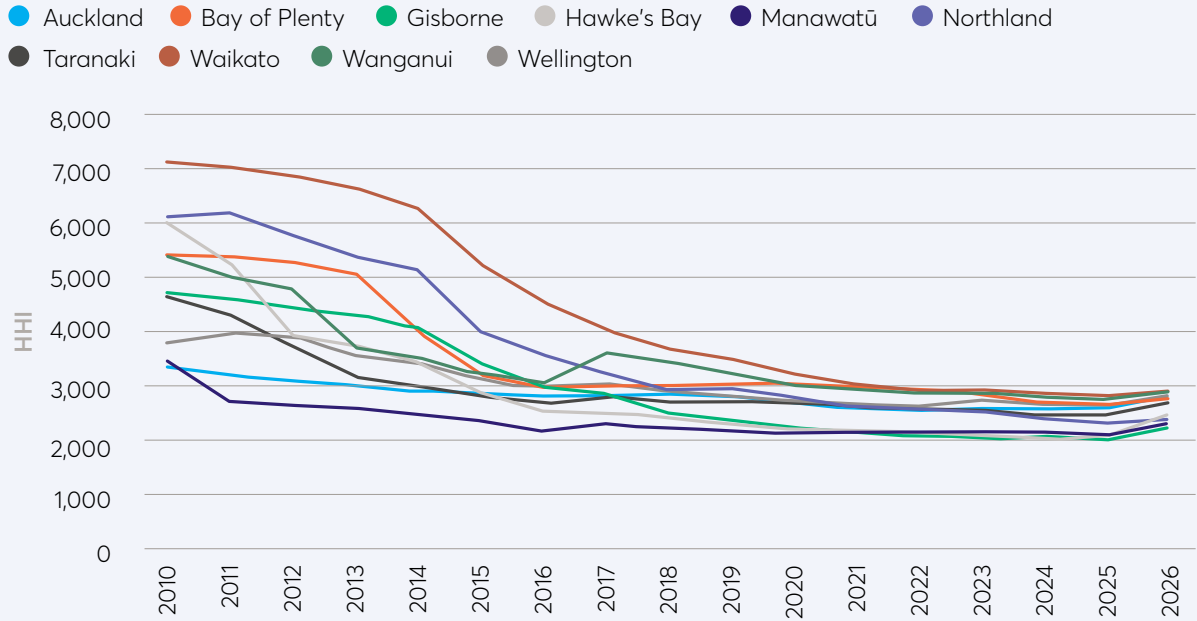
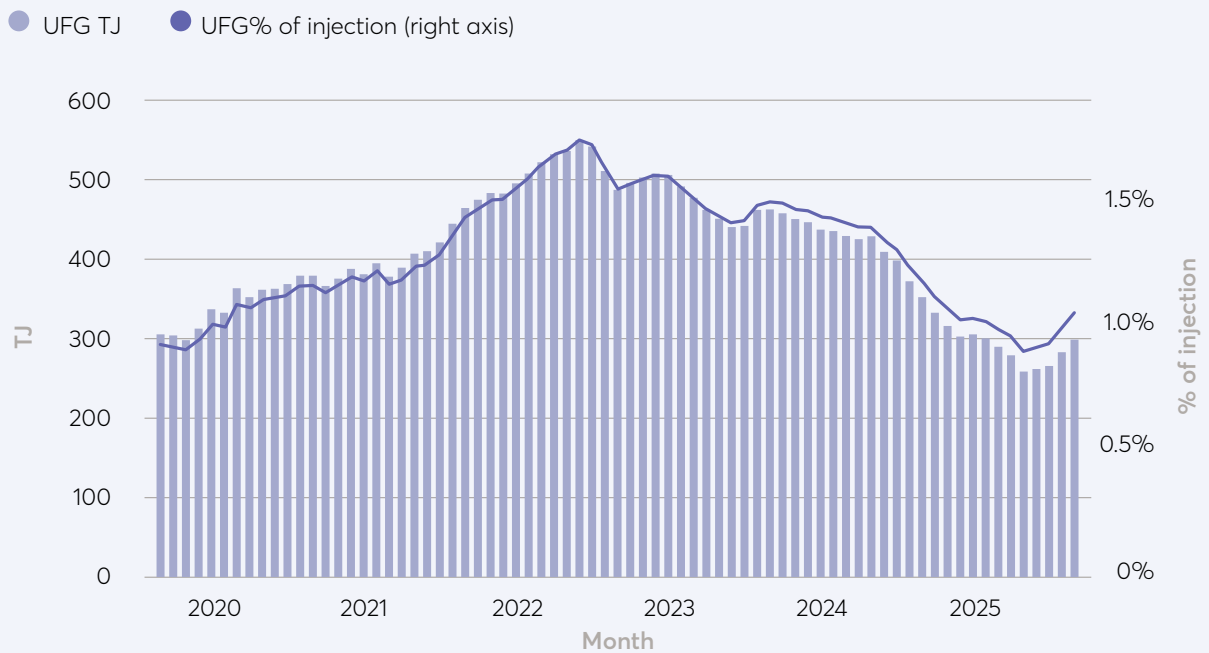


Figure 6. 12-monthly rolling UFG



Work programme and indicative activities

This section outlines the scope of Gas Industry Co's operations for the financial years ended 30 June 2027 to 30 June 2029.

The Statement of Intent focuses on the first year of the three-year period. Indicative themes are provided for our work programme for the following two financial years, FY2028 and FY2029, to provide guidance about likely future direction.

The FY2027 work programme has been developed having regard to:

- The Gas Act and Government Policy Statement objectives and outcomes for the gas industry;
- Gas Industry Co's statutory accountabilities under existing governance arrangements; and
- Reporting requirements under the Gas Act and Companies Act.

The FY2027 forecast activities for each work programme are outlined below.

These forecast activities are specific and were confirmed following our FY2027 Work Programme and Levy consultation process with industry stakeholders.

The work programme was broadly supported in submissions. The submissions themselves, and the Analysis of Submissions, can be found on Gas Industry Co's website.

The work programme is grouped under three strategic issues:

- Gas supply
- Viability of networks
- Gas pricing

We have also listed 'other activities' which include our ongoing role to educate and influence, and the administration of Gas Governance arrangements.

FY2027 WORK PROGRAMME – STRATEGIC ISSUES: GAS SUPPLY

Gas industry roadmap

Given the changing nature of gas supply and demand, we believe it is timely to explore how different approaches to allocation affects the long-term role of gas in New Zealand's energy mix and serves the best interests of New Zealand.

Work in FY2027 includes:

- Preparing a gas industry roadmap to 2035 with a focus on gas consumers and how different allocation approaches affect the long-term role of gas in New Zealand's energy mix and serve the best interests of New Zealand.

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 \$200 million 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 has announced the decision to supplement indigenous gas with the establishment of an LNG import facility, with possible delivery as soon as 2027 or 2028. The Government aims to sign a contract by mid-2026.

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) and it is important that this work is aligned and coordinated and the potential for duplication minimised.

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

Concern 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 2027 Supply and Demand study; 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 the forecasted further reduction in gas supply, we are concerned that the current levy funding arrangements that allow us to generate the income required to deliver our work programme, are no longer fit for purpose.

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.

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 unable to transition to alternative fuels 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, addressing any concerns regarding reasonable access, and amending the Guidelines as required.

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 industrial gas consumers 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 issues) are socialised and well understood (including through regular communications and 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 to make 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 and stakeholder engagement);
- Advise the Minister/peer regulators/consumer groups about issues facing residential gas consumers;
- Engage an independent assessor to complete the three-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.

FY2027 WORK PROGRAMME – OTHER ACTIVITIES

Educate and influence

Fulfilling Gas Industry Co's role as a trusted, independent adviser to industry, Government, and energy consumers to highlight the critical contribution gas makes to a successful New Zealand energy sector.

In FY2027 we will:

- Provide advice to the Minister, industry, and consumers on matters concerning the gas industry; and
- Engage with industry stakeholders by presenting at conferences and forums; hosting industry workshops; and presenting to industry participant Boards; and
- Report 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 (Facilities Outage Information Disclosure) Rules 2022.

FORECAST ACTIVITIES FOR FY2028 AND FY2029

This Statement of Intent focuses on the first year of the three-year period and includes indicative activity in the subsequent two years.

The multi-year scope reflects the requirement for funding to be approved by regulation each year, the changing nature of the industry, and the co-regulatory role. It also recognises that policy development requires comprehensive consultation, which provides the opportunity for continuous improvements in policy thinking.

The energy sector is in a period of significant change which provides a challenge to the forward planning of our work programme. All forecast activities for FY2028 and FY2029 are subject to change due to the pending outcome of current work, evolving priorities, and changes in the gas and wider energy sector environments.

We have outlined our indicative future activities in as much detail as we currently can, but it is important to recognise the uncertain and changeable nature of these workstreams.

Strategic issues

FY2028 and FY2029 indicative activities

Issues identified in our workstreams are likely to require further activity in FY2028 and FY2029. These activities are inherently uncertain and require us to be responsive to government priorities, other regulatory agencies and industry. These activities are currently expected to include:

- Further work in relation to the Gas Industry Roadmap that may be required following our work in FY2027;
- Further work arising from Government decisions regarding upstream investment;
- Provide advice and facilitate industry processes to support the introduction of LNG;
- Further work to support the development of a market-led approach to the establishment of a biogas market;
- Gas Demand and Supply studies (codified from 2027);



- Work on levy regulation and/or process changes which may be required following the industry consultation and our own analysis;
- Further work on the future of infrastructure and the potential increase in costs to consumers unable to transition to alternative fuels may be required following our work in FY2027;
- Provide support to industrial gas consumers by supplying data and advice, ensuring the issues they face are socialised and well understood, and assisting those wanting to take responsibility for their own gas procurement and delivery;
- Provide support to residential gas consumers by supplying data and advice, ensuring the issues they face are socialised and well understood, and assessing the effectiveness of Consumer Care guidelines;
- Address any remaining recommendations or actions arising from the FY2027 independent assessment of the Retail Gas Contracts Oversight Scheme; and
- Assess any changes to distribution contracts in accordance with the Gas Distribution Contracts Oversight Scheme.

Other activities

FY2028 and FY2029 indicative activities

Educate and influence

- Fulfill Gas Industry's role as a trusted, independent adviser to industry, government, and energy consumers to highlight the critical contribution gas makes to a successful New Zealand energy sector.

Gas Governance arrangements

- Deliver on our obligations under each of the governance arrangements, for example appointing and managing service providers, monitoring market behaviour, reporting, investigations, and compliance;
- Ensure our governance arrangements and industry systems remain fit-for-purpose as the gas market develops (particularly with respect to the future of the networks, renewable gases, LNG, potential market consolidation, further penetration of advanced gas meters 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.



Financial matters

Gas Industry Co develops funding budgets to support its work programme proposals as part of the consultation process with industry stakeholders.

Gas Industry Co has two main sources of funding to meet the expected costs of delivering effective co-regulation and fulfilling its statutory and Government Policy Statement (GPS) obligations. They are:

Levy funding

Section 43ZZB of the Gas Act enables Gas Industry Co to recommend to the Minister that regulations be made to require industry participants to pay a levy to cover the costs of Gas Industry Co exercising its functions as the industry body.

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.

This includes the costs of Gas Industry Co's policy work and market administration excluding external service providers and some consultants. Any excess levy recovered in a financial year is generally refunded to levy payers in the following year unless special circumstances warrant otherwise.

Market fees

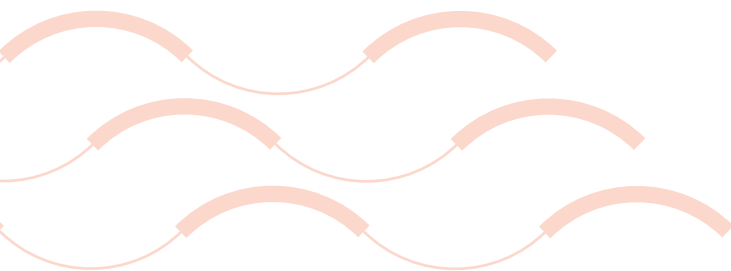
Section 43S of the Gas Act enables gas governance regulations or rules to include provision to recover costs directly required to meet Gas Industry Co's obligations under those arrangements (referred to as 'market fees'). These cover the contractually agreed costs of any service providers (particularly 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.

Flexibility and cost efficiencies

It is always possible that unplanned, unbudgeted work might be needed due to the changing nature of the industry and the period between the development and implementation of our work programmes.

Gas Industry Co prefers not to budget for contingency amounts in order 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 milestones. Over recent years we have been successful using this approach in progressing key industry priorities while maintaining appropriate cost discipline.

Gas Industry Co has a specific focus on delivering efficiency and value for money in both its operational workstreams and in the provision of support services. It carefully considers how each item in the work programme should be budgeted. Some areas are demand-driven, and full provision for each of these is not made individually. Instead, Gas Industry Co makes a modest provision for these items and manages the global amount.



FY2027 levy funding summary

Details of funding for FY2027 are included in industry consultation and the annual recommendation to the Minister, which results in annual levy regulations. In summary for FY2027:

- An annual levy of \$2,964,139 (\$3,410,198 in FY2026), and market fees of \$3,074,700 (\$2,674,550 in FY2026). Added together, these result in total work programme costs for FY2027 of \$6,038,839 (\$6,084,748 in FY2026).
- The wholesale levy revenue is \$1,449,888 for FY2027 and will be collected each month from the relevant levy payers at a rate of 1.7058c/GJ based on each industry participant's volume of gas purchased from gas producers (down from 1.7158c/GJ in FY2026, a 0.58% decrease).
- The retail levy revenue is \$1,514,251. This is calculated based on Gas Industry Co's estimate of 304,000 active ICP's, at a levy rate of \$4.98/ICP per annum (up from \$4.90/ICP in FY2026, a 1.63% increase).

Financial statements

In accordance with section 43ZR of the Gas Act, Gas Industry Co's forecast financial statements are set out as follows:

These statements have been prepared using information consistent with that used for the calculation of the FY2027 Gas Industry Co levy.

Further details about the assumptions, revenue calculations and workstream expenses used to calculate the FY2027 levy can be found in the document, Consultation on Gas Industry Co FY2027 Work Programme and Levy, issued in December 2025.

The FY2026 forecast was approved by Gas Industry Co's Board and includes actual results for the period 1 July 2025 to 28 February 2026, and an up-to-date forecast to 30 June 2026.

We acknowledge responsibility for the forecast financial statements contained in this report and for the judgments used in their preparation.

We certify that the information in this report is, except where noted, consistent with the budget estimates contained in Gas Industry Co's FY2027 Levy Recommendation that has been made to the Minister for Energy under section 43ZZB of the Gas Act.



Hon Amy Adams
Chair
June 2026



Sam Elder
Deputy Chair
June 2026

Forecast Statement of Financial Performance

	Budget FY2027 (\$)	Forecast FY2026 (\$)	Actual FY2025 (\$)
REVENUE			
Wholesale levy	1,449,888	1,749,086	1,702,352
Retail levy	1,514,251	1,495,026	2,007,525
Levy revenue subtotal	2,964,139	3,244,112	3,709,877
Market fees	3,074,700	2,481,876	1,390,507
Annual fees	26,000	26,000	26,000
Interest income	36,000	36,162	53,141
Subtotal other revenue	3,136,700	2,544,038	1,469,648
Total revenue	6,100,839	5,788,150	5,179,525
Refunded levies	–	–	–
Net revenue	6,100,839	5,788,150	5,179,525
EXPENSES			
Depreciation and amortisation	73,237	76,128	73,144
Operating lease expenses	305,000	275,584	269,186
Fees paid to audit firm – financial statement audit	37,000	35,805	35,925
Directors' fees	267,000	240,460	204,013
General expenses	382,700	340,226	348,660
Recruitment expenses	–	77,713	44,027
Technical, economic, and legal advice	805,000	1,981,700	863,043
Employee expenses and overhead recovered by market fees	(1,309,642)	(1,200,000)	–
Service provider fees	3,074,700	1,270,560	1,198,460
KiwiSaver contributions	61,711	64,848	59,757
Employee benefit expense	2,342,133	2,081,353	2,031,711
Total expenses	6,038,839	5,244,377	5,127,926
Finance costs	–	–	–
Total expenditure	6,038,839	5,244,377	5,127,926
Profit/(loss) before tax	62,000	543,773	51,599
Income tax expense	–	10,125	14,879
Profit/(loss) for the year	62,000	533,648	36,720

Forecast Statement of Financial Position

	Budget FY2027 (\$)	Forecast FY2026 (\$)	Actual FY2025 (\$)
CURRENT ASSETS			
Cash and cash equivalents	1,541,304	1,476,067	1,343,337
Term deposit	–	–	–
Trade and other receivables	110,537	107,125	85,315
Prepayments	115,791	130,132	75,947
Income tax receivable	–	–	–
Total current assets	1,767,632	1,713,324	1,504,599
NON-CURRENT ASSETS			
Property, plant and equipment	108,770	67,690	93,060
Intangible assets	208,074	255,185	302,297
Total non-current assets	316,844	322,875	395,357
Total assets	2,084,476	2,036,199	1,899,956
CURRENT LIABILITIES			
Trade and other payables	285,725	332,525	690,454
Employee entitlements	258,735	225,658	265,134
Redeemable shares	13	13	13
Total current liabilities	544,473	558,196	955,601
Total liabilities	544,473	558,196	955,601
Net assets	1,540,003	1,478,003	944,355
<i>Represented by</i>			
Industry reserves	608,003	572,003	64,355
Retained earnings	932,000	906,000	880,000
Total shareholders' funds	1,540,003	1,478,003	944,355

Forecast Statement of Movement in Equity

	Budget FY2027 (\$)			Forecast FY2026 (\$)		
	Industry reserves	Retained earnings	Total	Industry reserves	Retained earnings	Total
Opening balance	572,003	906,000	1,478,003	64,355	880,000	944,355
Net surplus/(deficit) for the year	–	62,000	62,000	–	533,648	533,648
Industry advances reserves transfer	36,000	(36,000)	–	507,648	(507,648)	–
Forecast closing balance	608,003	932,000	1,540,003	572,003	906,000	1,478,003

Forecast Statement of Cash Flows

	Budget FY2027 (\$)	Forecast FY2026 (\$)	Actual FY2025 (\$)
CASH FLOWS FROM OPERATING ACTIVITIES			
Levy revenue	2,964,139	3,278,551	3,711,596
Market fee revenue	3,074,700	2,079,441	1,476,756
Annual fees	26,000	26,000	26,000
Interest received	36,000	36,162	53,141
Net GST	–	–	–
	6,100,839	5,420,154	5,267,493
<i>Cash was applied to</i>			
Payments to suppliers	(3,294,758)	(2,875,009)	(2,859,584)
Payments to employees	(2,403,844)	(2,191,218)	(2,077,929)
Payments to directors	(267,000)	(246,595)	(155,562)
Refund of levy to industry participants	–	–	–
Taxes paid	–	(45)	(14,879)
Net GST	–	29,088	(95,905)
	(5,965,602)	(5,283,779)	(5,203,859)
Net cash inflows from operating activities	135,237	136,375	63,634
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(70,000)	(3,645)	(39,736)
Purchase of intangible assets	–	–	–
Net cash flows from investing activities	(70,000)	(3,645)	(39,736)
Net cash flows	65,237	132,730	23,898
Opening cash balance	1,476,067	1,343,337	1,319,439
Closing cash balance	1,541,304	1,476,067	1,343,337

Statement of Contingent Liabilities and Commitments

Gas Industry Co has no known contingent liabilities or assets.

Gas Industry Co's lease commitment in relation to its current premises commenced on 1 June 2023 and expires on 31 May 2033 at an annual rental of approximately \$250,201.

Gas Industry Co has various ongoing commitments for the operation of the Company.

	Budget FY2027 (\$)	Forecast FY2026 (\$)	Actual FY2025 (\$)
OPERATING LEASE COMMITMENTS			
Within one year	254,242	254,242	254,242
Later than one year but not later than five years	1,250,023	1,271,210	1,271,210
Later than five years	–	233,055	487,297
Total operating lease commitments	1,504,265	1,758, 507	2,012,749
SERVICE PROVIDER COMMITMENTS			
Within one year	214,025	956,299	1,168,053
Later than one year but not later than five years	–	214,025	1,170,323
Later than five years	–	–	–
Total service provider commitments	214,025	1,170,323	2,338,376

Statement of Accounting Policies

The following accounting policies apply to these financial statements:

Reporting entity

Gas Industry Co is a company incorporated under the Companies Act 1993 that was approved as the co-regulator of the gas industry by Order in Council on 22 December 2004. These prospective financial statements have been prepared in accordance with section 43ZR of the Gas Act 1992 and the Financial Reporting Act 1993.

Measurement base

These financial statements have been prepared on an historical cost basis.

Particular accounting policies

These financial statements are prepared in accordance with New Zealand generally accepted accounting practice. The following particular accounting policies that materially affect the measurement of financial performance, financial position, and cash flows have been applied consistently.

Revenue

Revenue is derived from Gas Industry Co's levies and market fees imposed under Subpart 2 of Part 4A of the Gas Act 1992; from annual fees charged to shareholders and from interest on deposits. Such revenue is recognised when earned and is reported in the financial period to which it relates.

Taxation

With the exception of its interest income, Gas Industry Co's revenue is not regarded as gross income in terms of section CB 1 of the Income Tax Act 2007.

Goods and services tax (GST)

The Statement of Financial Performance and Statement of Cash Flows have been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST.

Accounts receivable

These are carried at estimated realisable value after providing for debts where collection is doubtful.

Employee entitlements

Employee entitlements to salaries and wages, annual leave, and other benefits are recognised when they accrue to employees.

Financial instruments

Financial instruments carried on the Statement of Financial Position include cash and bank balances, investments, receivables, trade creditors, and borrowings. Except for those items covered by a separate accounting policy, all financial instruments are shown at their estimated fair value.

Depreciation

Depreciation of fixed assets is provided on a straight-line basis, so as to allocate the depreciable amount of assets over their useful lives.

The depreciable amount is the historical cost.

The estimated useful lives are:

- IT hardware and software, 3–5 years
- Office equipment, 4–10 years
- Leasehold improvements, Term of lease

Statement of Cash Flows

- Operating activities include all transactions and other events that are not investing or financing activities.
- Investing activities are those relating to the acquisition, holding and disposal of property, plant and equipment and of investments. Investments can include securities not falling within the definition of cash.
- Financing activities are those activities that result in changes in the size and composition of the capital structure of Gas Industry Co. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to the capital structure are included in financing activities.
- Cash is considered to be cash on hand and current accounts in banks, net of bank overdrafts.

Statement of Significant Underlying Assumptions

The following assumptions have been made in the development of the forecast financial statements:

- These forecast financial statements comply with New Zealand generally accepted accounting practice. The measurement base applied is historical cost.
- Accrual accounting has been used to prepare these financial statements.
- These statements have been prepared on a going-concern basis.
- The forecast financial statements have been presented for the purpose of providing financial information that underlies the work programme as set out in the *2027–2029 Statement of Intent*. This financial information may not be appropriate for other purposes.
- It is not intended that these financial forecasts will be re-issued.
- Actual financial results achieved for the period covered are likely to vary from the information presented and the variations may be material.
- There is limited ability to alter Gas Industry Co's revenue other than through the annual levy process.
- Section 43S of the Gas Act enables Gas Industry Co to collect from industry participants fees relating to the ongoing costs associated with gas market rules and regulations.
- An annual levy of \$2,964,139 is assumed to be effective from 1 July 2026 and is paid monthly. Any monthly levy not payable due to the date on which the levy regulations come into force will be paid on the 20th of the month following the levy regulations coming into force.



- The wholesale levy revenue is budgeted to be \$1,449,888 for FY2027 and will be collected each month from the relevant levy payers at a rate of 1.7058c/GJ based on each industry participant's volume of gas purchased from gas producers.
- The retail levy revenue is budgeted to be \$1,514,251. This is calculated based on Gas Industry Co's estimate of 304,000 active ICP's, at a levy rate of \$4.98/ICP per annum. Active Contracted ICPs indicate a customer at the ICP has a contract with the retailer. The retail levy is payable only on active ICPs. If the actual number of ICPs substantially differs from the estimate, there may be a small difference in the retail levy revenue.
- The FY2027 levy calculation is based on a work programme consistent with the Government Policy Statement on Gas Governance 2008 (GPS). If, during the plan period, the current GPS is amended, there may be an impact on our operating costs, resulting in the possible over or under-recovery of levy revenue in FY2027. 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 or 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 Meeting.
- The forecast equity for the year ending 30 June 2026 is approximately \$1,478,003 and will be set aside to be held as cash reserves.
- Gas Industry Co's budget is based on a best estimate of the costs to deliver the work programme prepared for calculation of the FY2027 levy. Budgets are set significantly in advance of consultation on proposed new policy initiatives. Accordingly, actual expenditure may vary from budgeted expenditure as policy design is revised to reflect changes that may be required as a result of submissions received and further analysis. This also applies to the administration of gas governance rules and regulations (funded through market fees).



Alignment with government policy objectives and outcomes

Gas Industry Co's Strategic Objectives – to facilitate gas governance and markets that deliver gas in a safe, efficient, fair, reliable, and environmentally sustainable manner, to facilitate the industry through the energy transition, and to act as a trusted advisor to government and industry – are aligned with the objectives and outcomes contained in the Gas Act and GPS.

The table below shows how the Company's workstreams help move toward meeting those objectives and outcomes.

GIC work programme FY2027 and future areas of work	Gas Act, GPS Objectives and Outcomes Alignment				
	Efficiency	Reliability	Safety	Environment	Fairness
Gas industry roadmap	✓	✓	●	✓	✓
Lack of upstream investment	✓	✓	●	●	✓
LNG	✓	✓	●	●	✓
Biogas	✓	✓	●	✓	✓
Demand response for dry years	✓	✓	●	✓	✓
Provision of gas market data	✓	✓	●	●	✓
Levy funding arrangements	✓	●	●	✓	✓
Future of infrastructure	✓	✓	●	●	✓
Industrial gas consumers	✓	✓	●	●	✓
Residential gas consumers	✓	✓	●	●	✓
Educate and influence	✓	✓	✓	✓	✓
Gas Governance arrangements	✓	✓	✓	✓	✓

Table 2. 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 2. 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 3. 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				

Other information

Additional reporting

In addition to the reporting described in the work programme, Gas Industry Co also provides the Minister with briefings and advice as requested, or as necessary. There are no specific matters, outside those detailed in this *Statement of Intent*, on which Gas Industry Co expects to make a decision that would require it to consult or notify the Minister.

Service providers

The following entities and individuals provide specified services to Gas Industry Co:

Governance arrangement	Role	Service provider
Switching Rules	Registry operator	Jade Software Corporation
Reconciliation Rules (including D+1)	Allocation agent	Energy Market Services (Transpower)
CCM Regulations	Critical contingency operator	Plant & Platform



Directory

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Hon Amy Adams, *Chair, Independent Director*
Sam Elder, *Deputy Chair, Independent Director*
Andrew Brown, *Independent Director*
Vanessa James, *Independent Director*
Mike Fuge
Paul Goodeve
Erwin Kroell

Executive

David Prentice, Chief Executive
Susan Dunne, General Manager Corporate Services

Auditors

KPMG, Wellington

Bankers

Westpac New Zealand Limited

Shareholders

Contact Energy Limited
Echelon Resources Limited
emsTradepoint 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
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