11 Ellis Street, PO Box 275
Alexandra, 9340, New Zealand

office@ecogas.co.nz

ecogas.co.nz

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Gas Industry Company
consultations@gasindustry.co.nz

Subject: Consultation on Gas Industry Co FY2027 Work Programme and Levy

Dear Gas Industry Co Team,

Ecogas, as New Zealand's leading anaerobic digestion operator and a subsidiary of Pioneer Energy Group, welcomes the opportunity to submit on the FY2027 Work Programme and Levy consultation.

As the operator of the Reporoa biogas facility—the only facility in New Zealand currently injecting biomethane into the gas network—and the project delivery team for the upcoming Christchurch Organics Processing Facility (scheduled for Q3 2027 operations), we bring direct operational experience in developing viable business cases for anaerobic digestion. Our submission is informed by the technical, regulatory, and commercial realities of converting organic waste into renewable gas.

We share the Bioenergy Association's concern that the proposed Work Programme lacks the urgency required to address the gas supply crisis. However, we believe this submission can complement BANZ's advocacy with specific operational insights and technical recommendations drawn from our experience as New Zealand's only active biomethane network injector.

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

Yes, we agree with GIC's assessment, but with important additional observations:

Biogas is an immediate solution, not a future option. While the consultation document correctly identifies biogas as part of the supply response, it underestimates how ready biogas infrastructure is. Reporoa has been successfully injecting biomethane into the Firstgas transmission network since October 2024, proving technical and commercial viability. The facility has capacity for 75,000 tonnes of organic waste annually with production capacity of 0.18 PJ per year and potential to expand. This is not theoretical—it is operational, demonstrating that network injection works in New Zealand conditions.

Investment decisions are happening now, not in FY2027. Our experience developing business cases for both Reporoa and Christchurch demonstrates that regulatory uncertainty creates immediate investment risk. The lack of enabling regulations, policies and frameworks weakens investors' confidence, demanding higher IRR than for other renewable energy projects due to higher risk.

The 'market-led approach' requires enabling frameworks, not just barrier removal. The Government's October 2025 statement on biogas emphasised market-led

development. However, markets cannot develop without foundational frameworks. Reporoa succeeded because we worked through network connection, gas quality, and commercial arrangements on a bespoke basis with Firstgas—at significant transaction cost. Every new biogas project should not have to reinvent these wheels. GIC's role is to codify what has been learned, establish standards where none exist, and coordinate across the fragmented initiatives currently underway (GasNZ Strategy, EECA feedstock mapping, GIFWG connection templates, Ara Ake feasibility studies).

The consultation understates biogas contribution to addressing the supply crisis. New Zealand currently produces approximately 4.9 PJ of biogas annually from landfills, wastewater treatment, and industrial waste—yet only 0.18 PJ (Reporoa) is upgraded to biomethane for network injection. The gap between what we capture and what we utilise represents immediate opportunity. With proper frameworks, existing biogas capture sites could upgrade to biomethane, and new purpose-built facilities like Christchurch could expand the resource base significantly. BANZ's 2024 strategy proposes significant and viable targets: 5 PJ by 2027, 12 PJ by 2035 and 20 PJ by 2050—representing over 50% of current non-industrial gas demand or 100% of hard to abate industrial needs. This is achievable, but only if GIC treats biogas as an urgent priority, not as work that 'may' be addressed.

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

The process is sound, but we recommend establishing more frequent engagement mechanisms specifically for biogas development. Given that biogas projects are moving from planning to construction to operation right now (Reporoa operational since 2022, Christchurch under construction for Q3 2027 commissioning, multiple other projects in feasibility/planning stages), annual consultation is insufficient to capture emerging technical and commercial challenges in real-time.

We recommend GIC establish a quarterly Biogas Technical Working Group involving operators (Reporoa, wastewater treatment plants with biogas capture, facilities in development), potential industrial off-takers, network companies (Firstgas, Vector), and relevant agencies (MBIE, MfE, EECA, MPI). This would allow GIC to:

- Identify and address emerging barriers as projects progress through development cycles
- Coordinate across multiple initiatives currently underway (avoid duplication, fill gaps)
- Gather operational learnings from Reporoa to inform standards and frameworks
- Provide forum for network companies to share connection experience and refine protocols

Q3: Do you consider there to be any other items that should be included in Gas Industry Co's intended Work Programme for FY2027?

Yes. The biogas section requires both greater specificity and firm commitment to delivery. Based on our operational experience at Reporoa and our current challenges developing Christchurch, we recommend GIC commit to delivering the following in FY2027:

1. Formalise network connection frameworks (Q2 FY2027)

What's needed: GIC's Gas Infrastructure Future Working Group has developed standardised connection agreements for transmission networks—this work is excellent and should be built upon, not duplicated. GIC should now formalise these frameworks:

- Incorporate GIFWG connection templates into transmission codes and regulations (move from voluntary industry practice to codified requirement)
- Extend standardised connection frameworks to distribution networks (similar templates needed for distribution injection points)
- Publish comprehensive connection guidance document (public, accessible, reducing transaction costs for new developers)
- Establish clear cost allocation principles (which connection costs borne by developer vs socialised across network users, when cost-sharing is appropriate)
- Codify 'right to inject' (currently exists in practice but not formally documented)
- Remove the requirement for nomination of daily production volumes for facilities injecting less than 0.5 PJ/annum from the Gas Act

Why it's urgent: Reporoa's network connection was negotiated on a bespoke basis with Firstgas—requiring significant legal, technical, and commercial effort from both parties. Multiple biogas projects are now in planning stages. Each currently faces the prospect of negotiating connection terms from scratch. Formalising the GIFWG templates and incorporating them into governance arrangements provides immediate clarity for the project pipeline and reduces barriers to entry.

How it achieves Gas Act objectives: Facilitates efficient development and use of gas resources; ensures fair and efficient access to infrastructure; promotes competition in gas markets; reduces unnecessary transaction costs.

2. Carbon accounting and avoided emissions framework (Q3 FY2027)

What's needed: Clear, standardised methodology for quantifying and claiming greenhouse gas benefits of biogas production and biomethane injection:

- Avoided emissions calculation protocols for organic waste diversion from landfill (standardised approach across all biogas facilities)
- Biomethane renewable attribute tracking and certification (building on work toward voluntary registries/Guarantees of Origin)
- Integration with NZ ETS (clarify that AD facilities conducting resource recovery are not 'waste disposal' activities—currently ambiguous, creating legal cost and uncertainty)
- Guidance on carbon benefit claims for biomethane injected into networks (how gas retailers and end users can claim renewable gas benefits)

Why it's urgent: We are developing greenhouse gas accounting methodologies for tender responses (Wellington Council tender partly on GHG benefits) and business cases right now. Different consultants provide different approaches to avoided emissions claims, scope boundaries, and carbon attribution. This inconsistency: (a) makes it difficult to demonstrate climate benefits credibly to councils and investors, (b) creates risk that claims will be challenged or disallowed later, (c) prevents meaningful comparison between biogas projects and other waste management/energy options, and (d) complicates contract negotiations when carbon value is a material component of project economics.

How it achieves Gas Act objectives: Promotes environmentally sustainable gas delivery; enables informed consumer choices; supports energy transition objectives; improves market efficiency through standardised carbon accounting; reduces regulatory uncertainty.

3. Biogas supply forecasting and market data (Q4 FY2027)

What's needed: Systematic tracking and forecasting of biogas production capacity and actual injection:

- Registry of operational and consented biogas facilities (current production, designed capacity, expansion potential)
- Consistent reporting methodology for biomethane injection volumes (currently only Reporoa reports via downstream reconciliation)
- Integration of biogas into annual Supply and Demand studies as explicit line items (current production, near-term pipeline, medium-term potential under different policy scenarios)
- Coordination with EECA's regional feedstock mapping programme (translate feedstock potential into production capacity forecasts)

Why it's urgent: Current gas supply forecasting effectively treats biogas as zero. This creates a self-fulfilling prophecy: biogas is invisible in planning → investors see no market signals → no new supply develops → forecast of no biogas contribution is validated. Breaking this cycle requires counting biogas explicitly in supply planning. The sector needs visibility to attract investment.

How it achieves Gas Act objectives: Improves information availability for market participants; supports security of supply analysis; enables informed policy decisions; promotes efficient market operation; provides investment signals.

4. Biogas sector coordination mechanism (Ongoing from Q1 FY2027)

What's needed: GIC correctly identifies lack of coordination between MBIE, MfE, BANZ, GasNZ, EECA, and operators. Rather than just observing this problem, GIC should take a leadership role:

- Establish quarterly Biogas Technical Working Group (as outlined in Q2 above)

- Create clear allocation of work programme responsibilities (who leads on quality standards finalisation, connection framework formalisation, carbon accounting, supply forecasting, etc.)
- Implement tracking mechanism for progress (public dashboard showing status of each deliverable)
- Establish communication protocol to avoid duplication (ensure GIC work, GasNZ GIFWG, EECA regional mapping, BANZ advocacy, MfE waste policy, and Ara Ake feasibility work are aligned)

Why it's urgent: Multiple excellent initiatives are underway: GasNZ published comprehensive Biomethane Strategy (January 2026), EECA mapping regional feedstocks (completion mid-2026), GIFWG developed connection templates, Ara Ake completed Energy & Nutrient Hub feasibility, Standards NZ developed NZS 5442 interim standard. This represents significant investment and expertise. Without coordination, there's risk of: (a) duplicated effort and wasted resources, (b) inconsistent approaches creating confusion, (c) gaps where everyone assumes someone else is leading, (d) inability to move from planning to implementation.

How it achieves Gas Act objectives: Efficient development of governance arrangements; reduced regulatory burden through coordinated approach; faster market development; better use of limited industry and government resources.

Q4: Do you consider there to be any items that should be excluded from Gas Industry Co's intended Work Programme for FY2027?

No items should be excluded. However, we strongly recommend restructuring how biogas work is framed in the Work Programme.

Current framing: 'Work in FY2027 *may* include' (biogas section, page 9)

Recommended framing: 'Work in FY2027 *will deliver*' with specific milestones:

- Q1: Establish Biogas Technical Working Group
- Q2: Finalise network connection frameworks
- Q3: Publish carbon accounting guidance
- Q4: Integrate biogas into Supply & Demand forecasting

This change from tentative to committed is essential because:

- Biogas infrastructure is being built now (Reporoa operational, Christchurch construction underway, multiple projects in planning)
- Enabling frameworks already exist in draft form (NZS 5442, GIFWG templates)—they need finalisation, not creation
- Every month of 'may' vs 'will' delays investment decisions and creates unnecessary commercial risk
- The gas supply crisis demands urgency—biogas can contribute to the solution, but only if regulatory frameworks keep pace with industry development

Q5: Gas Industry Co is particularly interested in industry comment on the forecast gas volumes - do stakeholders consider the 85 PJ projection reasonable?

[redacted]

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

We support the Bioenergy Association's position that levy rates should be increased if necessary to fund urgent biogas development work such as:

- Hire dedicated biogas/anaerobic digestion technical expertise (1-2 FTE with industry experience)
- Engage specialist consultants for formalisation of connection frameworks, negotiating revisions of associated legislation and development of carbon accounting guidance
- Establish and facilitate quarterly Biogas Technical Working Group
- Coordinate across multiple initiatives (GasNZ Strategy implementation, EECA feedstock mapping, GIFWG work, Ara Ake feasibility studies)
- Accelerate biogas work from 'may complete in FY2027' to 'will deliver by Q3 FY2027'

The return on this investment would be measured not just in levy dollars spent, but in PJ of renewable gas enabled, avoided emissions achieved, waste diverted from landfill, and economic value created through a functioning biogas market.

Conclusion

The gas supply crisis is real, urgent, and worsening. Biogas is not a theoretical future solution—it is operational at Reporoa, under construction at Christchurch, and in planning at multiple other sites.

The building blocks for a functioning biogas market exist: NZS 5442 interim standard, GIFWG connection templates, GasNZ Biomethane Strategy, EECA feedstock mapping, Ara Ake feasibility studies, operational experience at Reporoa. What's missing is GIC taking a leadership role to finalise, formalise, and coordinate these initiatives.

We urge GIC to:

- Change biogas work from 'may include' to 'will deliver' with Q1-Q4 FY2027 milestones
- Formalise network connection frameworks (Q2 FY2027)
- Develop carbon accounting guidance and integrate biogas into supply forecasting (Q3-Q4 FY2027)
- Establish quarterly Biogas Technical Working Group for ongoing coordination (Q1 FY2027 onward)
- Seek levy increase if necessary to resource this work appropriately

Ecogas stands ready to contribute our operational expertise from Reporoa and our development experience from Christchurch to any Biogas Technical Working Group or standards development processes that GIC establishes.

Thank you for considering our submission.

Yours sincerely,

[redacted]

Dr. Alzbeta Bouskova Houghton
Chief Technology Officer
Ecogas, Pioneer Energy Group

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