

Fonterra Submission on GIC Work Programme and Levy for FY 2026



February 2026

Fonterra welcomes the opportunity to comment on the consultation for the Gas Industry Co (GIC) FY 2027 Work Programme and Levy.

Fonterra has over 60 gas boilers and process air heaters installed across multiple sites in the North Island from Kauri in the north to Pahiatua in the south, totalling over 750MW of capacity, making us a major gas user.

Fonterra has a strategic plan to reduce our use of greenhouse gas emissions associated with the processing of milk at our sites, but we will continue using gas for at least the next several decades at reducing volumes to allow for a co-ordinated stable transition.

To maintain our export competitiveness, we rely on a gas industry that is stable, competitive and efficient to underpin energy security for the foreseeable future.

As a member of the Major Gas Users Group, Fonterra supports their submission in addition to our own commentary below.

The consultation document correctly identifies the current situation and the future needs of the gas industry out to 2050. But we believe there is a risk of a disorderly transition to a smaller gas market without a greater focus on mitigations.

It is critical that all parties have greater visibility of information to reduce the ability of parties to profit unfairly from asymmetrical knowledge during the transition period, as well as to reduce fear and risk in the market. To this end, we recommend the GIC work more closely with MBIE on ways to accelerate the disclosure of field reserves and production capability data.

We also encourage GIC to consider several other areas of work:

- Fonterra is encouraged by the development of an LNG import terminal. We recommend early engagement with downstream stakeholders on the construction of the terminal, particularly to ensure a complete appreciation of the financial arrangements that are likely to be required.
- The GIC should consider modelling the cost-benefits of the impact from the Commerce Commission's decision on accelerated depreciation of gas transmission and distribution pipelines.
- Decommissioning continues to be an important priority and should be considered further by the GIC. A regulatory framework to manage forced disconnections would be useful, as would one to manage the possibility of pipeline owners planning decommissioning sooner than the market is anticipating.
- Biogas is another crucial area of work to support the transition and the GIC could work more closely with EECA and MfE to develop plans for regional anaerobic digestors capable of producing methane for pipeline injection. Developing a market process for the reconciliation of biogas injection into the pipeline and subsequent end use reconciliation at specific ICPs will be valuable work that will support renewable claims that can be auditable by third parties.
- Finally, the GIC should continue developing a market framework that allows for multiparty relationships at the ICP level, thereby enabling a mixture of renewable and non-renewable gases to be associated with the ICP.

Fonterra appreciates the ongoing work of the GIC and we welcome further engagement on our submission.