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### **Consultation on Gas Industry Co FY2026 Work Programme and Levy**

Mercury welcomes the opportunity to provide brief feedback to the Gas Industry Co (GIC) on its FY2026 Work Programme and Levy (the programme). We agree that security of supply has come into focus with more urgency. We broadly support the FY2026 work program and levy proposal. However, we believe there is room for continued improvements in gas information disclosure transparency, specifically for long-term contracts.

While we acknowledge the GIC's efforts in improving information transparency, gas users who are coming to the end of contracts are having difficulty recontracting for gas, with prices increasing and contract terms markedly shorter. While this can be partly attributed to a supply shortage, the persistent absence of robust contract disclosure mechanisms reduces market liquidity and slows the pace of gas contracting, leading to uncertainty in price and availability.

Most of New Zealand's gas is traded via long-term contracts. Unlike the electricity sector, where contract information is anonymised but still readily accessible, the gas industry operates with significant opacity. Some gas producers appear intent on obscuring price discovery, which is critical for all market participants but particularly small to medium users. At present, there is zero price disclosure outside of the spot market platform, emsTradepoint, and even there, visibility is limited to ~4% of traded gas and limited to very near term.

This lack of transparency stifles the ability for the market to understand and be informed of risks associated with Over-the-Counter (OTC) gas contracts. The essential nature of gas makes transparent information critical for New Zealand energy market's proper functioning. Without it, information asymmetry prevails, leading to an uneven playing field where only a few parties have access to key data, undermining market efficiency and fairness. Comparable to electricity hedges, gas contracts should also be subject to disclosure to ensure that all market participants operate with the same level of information, promoting a healthier and more competitive market environment.<sup>1</sup>

While emsTradepoint represents a small portion of traded gas, for many parties it remains the sole venue for price discovery. Without this small but critical price discovery mechanism all gas trading could be forced back to bilateral arrangements, further diminishing market visibility and the availability of counterfactuals. We are therefore strongly supportive of the GIC including in their work programme a consultation on a broad range of options for the future of emsTradepoint, including GIC purchasing the gas trading platform. We believe this is critical and look forward to engaging in that process in due course.

Yours sincerely,  
Claudia Vianello



Regulatory Strategist

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<sup>1</sup> Relatedly, we understand the Electricity Authority is working on improving access to thermal fuel information. We urge the GIC to engage with the Electricity Authority on this workstream, as well consider how to improve gas contracting information more broadly because partial disclosure of gas contracting arrangements is ineffective and creates an incomplete view of the market.