Bioenergy in the news

The pipes are staying. Now let's fill them with something better

Why the difference matters between LNG and biomethane #homegrown

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OPINION

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The New Zealand government has sent an unambiguous signal: the gas network is here to stay. The $1 billion commitment to build an LNG import terminal at Port Taranaki is a hedge against dry-year electricity shortfalls, a backstop for industry, a statement of energy security. But above all, it's a declaration that the pipes running beneath our cities and farms have a long-term future.

If the pipes are staying, let's fill them with home-grown, nation-building solutions that cut emissions, create regional jobs, and strengthen export competitiveness, starting with biomethane.

Ask: what domestic capacity can we develop?

When confronted with supply risk, countries can import more fossil fuel or invest in homegrown resources and systems that reduce reliance on external markets. Denmark and France chose the latter: They asked, *"What domestic capacity can we develop?"* and directed investment into demand reduction, renewable gases, and flexible generation.

NZ should take the same approach. We have the ingredients to scale a domestic biomethane industry now: abundant organic feedstocks from farms and food processors, existing gas infrastructure investors can rely on, proven biogas anaerobic digestion technology, and operational examples already running here.

NZ has the potential to create 20PJs worth of biomethane, sizeable given all manufacturing food processing in 2024 consumed 20.6PJs.

Developing that capacity doesn't require speculative technology, it requires policy certainty, off-take frameworks, and a clear national commitment to turn organic waste into certified renewable gas.

LNG and biomethane: different roles, different outcomes

LNG and biomethane are not substitutes, they serve fundamentally different purposes, a distinction that matters.

LNG is an imported fossil fuel. Its role is energy security: a backstop in dry years when hydro-electricity generation is constrained and domestic gas supply is tight. It provides short-term resilience but doesn't reduce structural emissions or strengthen NZ's long-term carbon position. Critically its price is linked to international commodity markets which is volatile, exposing NZ to price uncertainty.

Biomethane is domestically produced from organic waste streams and injected into the existing gas network. It has price stability, practicability, and enables decarbonisation in sectors that cannot easily electrify, particularly high-temperature industrial process heat in dairy, meat and food manufacturing.

The difference is strategic. LNG buys time in exceptional circumstances. Biomethane builds domestic capacity, reduces carbon intensity in export production, and keeps energy value circulating within NZ.

Treating LNG as a routine supply source risks anchoring the market to imported fossil gas. Treating it as a reserve, while actively scaling biome-thane, ensures the gas network evolves toward a low-carbon future rather than locking in dependency.

One is insurance. The other is transformation.

LNG as a backstop, not the baseline

LNG import capability should function as an emergency reserve, an insurance policy used rarely, in genuine dry-year shortfalls. If it becomes the routine marginal supply, however, it will anchor gas prices to volatile international commodity markets and weaken the economics of domestic energy supply projects. Markets follow the marginal price: consistently available imported gas can crowd out investment in local alternatives. Used beyond dry-year firming, LNG also exposes NZ businesses to unpredictable pricing driven by global events.

If LNG is to be a genuine backstop, it needs operational guardrails: transparent trigger conditions, usage limits, and governance that ensures imports are only used when domestic supply genuinely fails. These protect the price signals that investors in biomethane and related renewables need.

Domestic capacity delivers multiple wins

Prioritising domestic biomethane is both an emissions choice, and a strategic economic choice.

** Regional economic development and resilience:* Small-to-medium biogas facilities create local jobs, keep energy value in regions that supply feedstocks, and decentralise supply so an outage at one gas field doesn't cripple entire sectors, key aspects LNG will not deliver.

** Export competitiveness:* Global buyers and regulators are increasingly counting embedded carbon. Biomethane-powered food processing for export offers a verifiable carbon advantage that fossil gas and LNG cannot match, protecting market access and margins for our exporters.

** Decarbonisation where electrification won't work:* High-temperature, continuous process heat in dairy evaporation, meat rendering, and certain food and chemical processes cannot be electrified cost-effectively today. Biomethane provides an immediate, low-carbon fuel compatible with existing plant equipment, with matching volumes to support.

** Waste and water benefits:* Biogas production captures methane from organic waste that would otherwise leak from landfills and lagoons, reducing potent fugitive emissions and producing digestate that can replace imported synthetic fertiliser, improving soil health and cutting a billion-dollar import bill.

What government should do now

To turn domestic potential into capacity, the Government should pair the LNG investment with a firm programme to build local supply and markets:

1. Set a national biomethane target with a clear trajectory to meaningful penetration by 2035, giving investors and industry a visible demand signal.
2. Create regulatory certainty with injection standards, certification and offtake frameworks that let producers monetise renewable attributes.
3. Constrain LNG dispatch so imports remain an emergency reserve and do not become the marginal daily supply.
4. Mandate organic waste diversion to feed biogas facilities and unlock predictable feedstock streams.
5. Prioritise biomethane for hard-to- electrify industry and support residential transitions to heat pumps where feasible.

Build capacity to keep our edge

The pipes are staying. The strategic choice before us is whether those pipes deliver imported fossil molecules by default, or become a backbone for a circular, low-carbon domestic bioeconomy that powers our industry, supports regional jobs, and protects export access.

LNG buys time. Domestic capacity builds resilience, reduces emissions, and creates value that stays in NZ.

The question we should be asking is not *"What can we import?"* but "*What domestic nation-building capacity can we develop?".*

Let's choose to build that capacity and make the gas network a platform for the future rather than a conduit to the past.