

9 February 2026

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

This submission is a response from the Bioenergy Association to the invitation from the Gas Industry Company (GIC) to respond to the Consultation on Gas Industry Co FY2027 Work Programme and Levy www.gasindustry.co.nz/assets/CoverDocument/Consultation-on-Gas-Industry-Co-FY2027-Work-Programme-and-Levy.pdf

The Bioenergy Association, representing its members who have a commercial interest in the production and use of biogas, makes the following submissions.

A general comment is that the proposed Work Programme is too weak and lacks any urgency to address the most significant crisis facing the gas sector since gas was first sold in New Zealand.

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

Bioenergy Association agrees with the GIC's assessment of the current strategic context but is concerned that it does not put enough urgency on collectively addressing the risks of a continuing decline in gas supply.

The crisis is acute: New Zealand currently captures approximately 4.9 PJ of biogas annually from landfills, wastewater treatment, and industrial waste—yet only 0.18 PJ is upgraded to biomethane and injected into the gas network (the Ecogas Reporoa facility). Meanwhile, productive businesses are closing for lack of natural gas supply.

The solution is proven and scalable: The 2023 'Vision for Biogas in Aotearoa New Zealand' study demonstrates that New Zealand could produce 23.5 PJ of biogas annually, with up to 12.9 PJ as biomethane suitable for network injection. This represents over 50% of New Zealand's current non-industrial gas demand (45 PJ excluding electricity generation and chemical feedstock use).

The gap between potential and reality is unacceptable given the current gas supply crisis. GIC's assessment correctly identifies the problem but the proposed work programme does not match the scale or urgency required.

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

Bioenergy Association fully supports GIC's approach to developing a work programme but encourages GIC to take an even wider role in providing the leadership that the sector requires at this time of crisis. Bioenergy Association offers any support to GIC in expanding the work programme and undertaking its implementation. While Bioenergy Association and GasNZ can effectively represent the biogas and biomethane interests of their respective members, the need for coordination and greater full sector governance is required. GIC is well positioned to provide this leadership across the full biogas and biomethane sectors respectively.

Q3: Do you consider there to be any other items that should be included in Gas Industry Co's intended Work Programme for FY2027? If so, please describe the work required and how that work achieves the outcomes sought under the Gas Act and GPS.

Significant barriers to the production of biogas and subsequently biomethane are well recognised by the work of GIC, Bioenergy Association¹ and GasNZ but there is a lack of action to address these barriers in the timeframe required by gas users. These include lack of enabling policies, onerous and uncertain permitting process, lack of value recognition for biomethane and other byproducts, and a general lack of awareness of the regional and national benefits of biogas production.

Both GasNZ² and Bioenergy Association have undertaken investigations into the barriers facing the sector and we strongly encourage GIC to review the work of both those entities and expand the proposed work programme accordingly. The following actions have been identified and are relevant to GIC's role and work:

- Supporting integration of biogas and biomethane production targets into National Energy and Climate Plans
 - Design voluntary biomethane blending schemes for gas retailers
 - Assess pathway to mandated renewable gas quotas (based on international precedent)
- Streamlining grid connection and injection process of biomethane into the gas grid
 - Formalise the 'right to inject' (currently exists in practice but not in regulation)
 - Publish standardised connection agreements (we understand that the Gas Infrastructure Futures Working Group is developing standard distribution agreements)
 - Establish clear cost-sharing mechanisms for network connection costs that reflect the benefits of biomethane to all network users
 - Define curtailment and outage protocols and operational coordination procedures
- Setting up a robust system to monitor biogas and biomethane production including registries with Guarantees of Origin

These deliverables are not aspirational—they draw directly from work already completed or underway by GasNZ, Ara Ake, EECA, Scion, and operators like Ecogas. GIC's role is to coordinate, formalise, and drive implementation, not to start from scratch.

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

Quite the reverse. There are significant gaps in the current proposed Work programme and as a consequence the gas sector risks a continued decline in supply that threatens its role in the energy system. This will be a consequence of there being a lack of effective vision and governance by GIC and other stakeholders. The biogas workstream must be fundamentally restructured.

The current framing—"Work in FY2027 may include"—is unacceptable. It creates no accountability, no urgency, and no investment certainty.

¹ www.biogas.org.nz/documents/advert/Biomethane-Brochure-8.pdf
www.biogas.org.nz/resource/is47-role-of-biogas-in-transition-to-low-carbon-economy

² Biomethane strategy – due to be published in February 2026

This must change to: 'Work in FY2027 will deliver' with specific milestones and completion dates for each deliverable listed in Q3.

Consider the contrast:

- EECA's regional biogas mapping programme is underway (Taranaki, Hawke's Bay, Auckland completion mid-2026)
- GasNZ is finalising a comprehensive Biomethane Strategy with detailed action plan
- Ara Ake's Energy and Nutrient Hub feasibility study has identified pathways for agricultural clustering
- Ecogas Reporoa is operational, producing 0.18 PJ/year
- Ecogas Christchurch is under construction, targeting Q3 2027 operations
- Multiple councils are developing organics processing infrastructure
- 4.9PJ of biogas is currently being produced but is often flared or wasted when industry is short of gas.

All of this is happening NOW. If GIC's Work Programme treats biogas as something that 'may' be addressed 'if time permits,' the sector will develop in an uncoordinated, sub-optimal manner—or worse, will stall entirely due to regulatory uncertainty.

The gas supply crisis does not have time for a passive, observational approach to biogas development.

Q5: Gas Industry Co is particularly interested in industry comment on the forecast gas volumes - do stakeholders consider the 85 PJ projection reasonable? If not, what would they consider an appropriate gas volume estimate to be?

No comment on gas forecast volumes but it can be said that if urgency is put into work programme then adequate gas volumes could be achieved over time.

The 85 PJ projection for conventional gas production in the coming year appears reasonable, but critically excludes a meaningful biogas contribution.

New Zealand currently captures 4.9 PJ of biogas but only converts 0.18 PJ to biomethane. With proper regulatory settings and coordination:

- 2027: 1 PJ biomethane achievable (existing pipeline WWTP and landfill gas upgraded)
- 2030: 2-3 PJ biomethane realistic (regional facilities in development)
- 2035: 5 PJ biomethane target (GasNZ Biomethane Strategy)
- 2050: 20-25 PJ biomethane potential (Vision for Biogas study)

GIC's forecasting must explicitly break out biogas as a separate line item with conservative and optimistic scenarios. Failing to do so creates a self-fulfilling prophecy where lack of visibility prevents investment, which prevents supply growth, which validates the forecast of no supply growth.

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

We recommend that the levy rates be increased as the gas sector is facing a supply crisis and significantly more funds need to be available to undertake collective investigation and sector developmental work. If adequate funds are not available now then the gas supply crisis will

overwhelm the sector and there will be no gas supply sector. Gas is too important a resource for the New Zealand economy and cannot be allowed to fail.

We recommend GIC increase the levy to create funding ring-fenced for:

- Dedicated biogas technical staff (1-2 FTE with AD sector expertise)
- Establishment of quarterly Biogas Technical Working Group
- Commissioning specialist consultants for standards development (building on existing work by GasNZ and the Gas Infrastructure Futures Working Group)
- Regional biogas potential mapping support (complement EECA's programme and ARA Ake work)
- Coordination mechanism with MBIE, MfE, MPI, councils, and industry

The issues facing the gas sector are greater than individual companies can address themselves alone and a collective response is required. The levy can be increased to ensure that adequate funds are available to ensure the survival of the sector.

Immediate Actions Required

To translate the Government's October 2025 Statement on Biogas into tangible outcomes, Bioenergy Association urges GIC to take these immediate steps:

- February 2026: Establish Biogas Technical Working Group with operators (Ecogas, wastewater plants), network companies (Firstgas, Vector), GasNZ, BANZ, EECA, MBIE, MfE
- Q2 FY2027: Release draft biomethane injection standards for consultation (building on NZS 5442 interim standard)
- Q3 FY2027: Formalise network connection frameworks and cost-sharing protocols
- Q4 FY2027: Adopt formal biogas and biomethane production targets (Biomethane - 1 PJ / 5 PJ / 25 PJ pathway)

The sector cannot afford another year of observing barriers without removing them.

Regards



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