MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

Fact sheet: LNG

What is LNG and how can it be imported?

- Liquefied natural gas (LNG) is natural gas that has been cooled and liquified so it can be transported relatively easily. It is a proven technology that is commonly deployed overseas. Liquefying gas into LNG increases the amount of gas per unit volume by about 600 times.
- Once an LNG cargo arrives, it is unloaded from its carrier, stored as LNG (for a time at least), regasified, and "sent out" into the transmission network for use as natural gas (in the same way as our domestic gas supply is).
- There are many sources of LNG throughout the world. In order to import LNG, New Zealand needs an LNG import facility or terminal. An LNG import terminal is a highly technical facility that can receive LNG from an LNG carrier, store it, regasify it, and send out the resultant gas for use by end users.

What types of LNG import facilities are available?

- The same basic functions of receiving, storing, and regasifying LNG, and sending out the resultant natural gas to the transmission network are common across all LNG import facilities.
- A conventional scale import facility receives LNG carriers of a particular size. The size of the LNG carriers servicing a conventional scale facility will carry upwards of 4 PJs of LNG per cargo.
- There are a range of smaller scale LNG facilities that can be deployed as well. The carriers serving those facilities are of varying sizes, but they carry less than 4 PJs of gas.
- As a general rule, the infrastructure costs associated with a large-scale LNG facility are greater than for a smaller-scale facility, albeit the costs of the LNG might be higher for a smaller-scale operation.
- It is not clear how long it will take to develop an LNG import terminal, should New Zealand decide to do so. This is pending the information received through the Registration of Interest process (see below).

What are the potential uses of gas produced from LNG?

- The primary purpose for commencing a procurement exercise for LNG infrastructure is to remove the fuel risk associated with dry years.
- LNG would also have value in providing fuel for "firming" the electricity system beyond dry year requirements.
- LNG could also be a fuel source for industrial, commercial and residential users.

What are the next steps in the procurement process?

- MBIE will release a Project Information Memorandum (PIM) and a Registration of Interest (ROI) to support the procurement process shortly.
- The PIM sets out a general description of New Zealand's energy system, and the need for greater levels of fuel to enter that system.
- The ROI invites registrations of interest from potential suppliers of LNG infrastructure. It will also invite specific proposals from companies / consortia that could deliver an LNG import facility for winter 2027. Details of what is required from such a facility will be set out in the ROI.
- At the same time, alternative (non-LNG) ways of managing New Zealand's dry year risk will be considered and analysed. This will support a decision on whether (or not) to proceed with the next stage of procuring LNG infrastructure, to be made in December.