



COVERSHEET

Minister	Minister Watts	Portfolio	Energy
Cabinet paper	Government Investment in Dry Year Risk Cover: Consideration of an LNG Import Facility	Date to be published	10 February 2026

List of documents that have been proactively released

Date	Title	Author
December 2025	Government Investment in Dry Year Risk Cover: Consideration of an LNG Import Facility	Office of the Minister for Energy, MBIE
15 December 2025	Government Investment in Dry Year Risk Cover: Consideration of an LNG Import Facility	Cabinet Office

Information redacted

YES / NO [select one]

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the reasons of:

- Commercial information
- Confidentiality
- Confidential advice to Government
- Legal professional privilege

Annex 3 of the Cabinet paper (*Exploring the Case for LNG*), in addition to having some information redacted, has been edited for clarity since being considered by Cabinet.



Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Government Investment in Dry Year Risk Cover: Consideration of an LNG Import Facility

Portfolio Energy

Energy

On 15 December 2025, Cabinet:

Background

- 1 **noted** that in September 2025, the Cabinet Business Committee (CBC) agreed to an Energy Package aimed at ensuring security of supply and better functioning markets [CBC-25-MIN-0054];
- 2 **noted** that as part of this package, CBC agreed to commence the first phase of a procurement process for a Liquefied Natural Gas (LNG) import facility to secure 'dry year cover' for periods in which renewable generation falls short;

The case for LNG

- 3 **noted** that, having compared LNG proposals against alternative options for dry year cover, LNG is the preferred option;
- 4 **noted** that the Ministry of Business, Innovation and Employment has completed a registration of interest to test market interest and capability in delivering an LNG import facility to meet New Zealand’s needs (at least 12 petajoules of gas over any three-month period);
- 5 **agreed** that the Government will proceed with the procurement of an LNG import facility to enhance security of energy supply;

Advancing the procurement process

6 noted that two processes were initiated in the procurement exercise:

- 6.1 an accelerated delivery solution process designed to deliver an LNG import facility by 1 June 2027; and
- 6.2 a more traditional procurement process, which is estimated to result in LNG import infrastructure being available by winter 2029;

7 **noted** that while many of the accelerated proposals appear to be strong candidates, further technical, commercial and financial analysis is needed to determine if any should be pursued;

8 **authorised** the Minister for Energy to select the most promising accelerated proposals for further investigation and make other decisions about the design of the procurement process;

9 **authorised** the Minister of Finance, Minister for Infrastructure, Minister Responsible for RMA Reform, Minister for Resources and Minister for Energy (the Ministerial Group) to make final decisions on the selection of a preferred provider;

10 **noted** that the Minister for Energy will ensure the Ministerial Group is kept aware of progress on the project;

Enabling legislation for an accelerated solution and levy-based funding

11 **noted** that an LNG terminal will require regulatory consents and approvals if it is to be operational ahead of winter 2027, and that the existing Fast-track Approvals Act 2024 processes are unlikely to be sufficient;

12 **Confidential advice to Government**
[REDACTED]

13 **Confidential advice to Government**
[REDACTED]

14 **agreed** to develop a new Bill, the Enabling Liquefied Natural Gas Bill (the Bill), to provide for the following:

- 14.1 the regulatory consents, permissions and legislative modifications to develop, maintain and operate an import facility, including flexibility to amend those consents and permissions or to add further consents and permissions if required;
- 14.2 a levy to recover the costs of an import facility and associated infrastructure and services;

15 **authorised** the Minister for Energy to:

- 15.1 make policy decisions to give effect to the decisions in paragraphs 13 and 14 above;
- 15.2 approve any matters that arise during drafting that may be required to align with the above decisions;

16 **invited** the Minister for Energy to issue drafting instructions to the Parliamentary Counsel Office consistent with the above decisions;

17 **Confidential advice to Government**
[REDACTED]

Financial implications

- 18 **noted** that the costs of the preferred option will depend on the outcome of negotiations with suppliers, but that initial procurement submissions indicate a range of whole of life costs of **Commercial Information** paid for by a \$90–\$180 million per annum charter fee;
- 19 **noted** that there may be scope for commercial revenue to partially offset some of these costs, and that commercial revenue is expected to fund the cost of importing the LNG itself;
- 20 **agreed** that the remaining costs of development, maintenance and ongoing operation of the preferred facility be met via a levy, reflecting the benefit of security of supply across the system;
- 21 **noted** that while the levy is expected to fully recover costs, there is a residual fiscal risk to the Crown if levy recovery is delayed or costs escalate, and that officials will manage these risks through contractual design and levy-setting mechanisms;

Next steps

- 22 **invited** the Minister for Energy to report back to Cabinet by mid-2026

Confidential advice to Government

Diana Hawker
for Secretary of the Cabinet