



BRIEFING

Summary of reports on forecast LNG pricing

Date:	15 December 2025	Priority:	Medium
Security classification:	In Confidence	Tracking number:	BRIEFING-REQ-0024933

Action sought		
	Action sought	Deadline
Hon Simon Watts Minister for Energy	Note the contents of this briefing.	24 December 2025

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Dominic Kebbell	Manager, Gas and Fuel Policy	s 9(2)(a)	✓
Lynonah Tausa	Tupu Tai Intern, Gas and Fuel Policy Team		

The following departments/agencies have been consulted

Minister's office to complete:

Approved

Declined

Noted

Needs change

Seen

Overtaken by Events

See Minister's Notes

Withdrawn

Comments



BRIEFING

Summary of reports on forecast LNG pricing

Date:	15 December 2025	Priority:	Medium
Security classification:	In Confidence	Tracking number:	BRIEFING-REQ-0024933

Purpose

To provide a summary of forecast prices for liquefied natural gas (LNG).

Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

- a **Note** that LNG price components vary, depending on the stage of the value chain:
- Natural gas price refers solely to the price of the gas before it becomes LNG.
 - Spot LNG price typically refers to the price of 'delivered' LNG, which includes cooling the natural gas and shipping it to the destination port.
 - Prices for the end user includes all of the costs to bring gas to the consumer including cooling the gas, shipping, regasification, Emissions Trading Scheme (ETS) costs, and transmission.

Noted

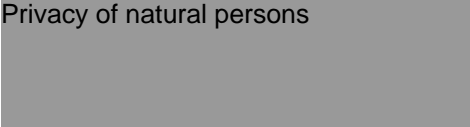
- b **Note** that the International Energy Association's (IEA) Report forecasts LNG spot prices decreasing through to 2030, due to an increase in supply.

Noted

- c **Note** that the Boston Consulting Group (BCG) report forecasts total costs of bringing LNG to New Zealand being between \$27 - \$47 per GJ.

Noted

Privacy of natural persons



Dominic Kebbell
Manager, Gas and Fuel Policy
Energy Markets, MBIE

15 / 12 / 25

Hon Simon Watts
Minister for Energy

..... / /

Background

1. On 2 December, you met with officials to discuss progress on the LNG import facility procurement process. During this meeting you indicated you wanted information on how the market expects LNG prices to develop over time.
2. This briefing responds to that request, providing you with a summary of the findings from:
 - a. The *International Energy Agency: Gas 2025 – Analysis and forecasts to 2030* (the IEA report) (**Annex One**).
 - b. The *Boston Consulting Group: Energy to Grow – Securing New Zealand’s Future* (the BCG report) (**Annex Two**).

There are different pricing components along the LNG value chain

3. The IEA and BCG Reports quote various prices for different stages of the LNG value chain.

Natural gas spot price

4. This refers solely to the cost of natural gas before it is turned into liquefied natural gas.

Spot LNG price

5. In the two reports, the spot prices are the ‘delivered’ prices of LNG, which includes the cost of liquefying and shipping it. The spot price does not include the cost of regasification or any other components required to bring the gas to the end user.

Price for the end user

6. This includes the full range of costs in the LNG value chain, including regasification, ETS costs and transmission. The BCG report focuses on this comprehensive price.

Key takeaways from the IEA and BCG reports

The IEA forecasts LNG spot prices decreasing through to 2030

7. The IEA report forecasts that, through to 2030, there will be a global increase in LNG supply. This is due to a new ‘wave’ of LNG becoming available.¹ Approximately 300 billion cubic metres per year of new LNG export capacity is expected during this time – almost a 50% increase on the total exports of 2024.
8. The IEA Report forecasts pricing across four markets:
 - a. Henry Hub – USA natural gas market. This is typically used as the benchmark price for natural gas (not liquefied).
 - b. Asian spot market – LNG spot prices, which include assumed costs of liquefying and shipping.
 - c. European spot market – LNG spot prices, which include assumed costs of liquefying and shipping.

¹ The IEA states on its website: “the LNG business is highly cyclical, and liquefaction capacity additions tend to come in waves due to the capital-intensive nature of LNG projects and the long time lag of 4 to 5 years, on average, between project FID and completion. The global gas market is now on the verge of a new wave of LNG supply, driven by a surge in final investment decisions (FIDs) since 2019.” See <https://www.iea.org/data-and-statistics/data-tools/global-lng-capacity-tracker>

- d. Oil-indexed LNG pricing – LNG price tied to oil pricing (typically the Brent crude oil price).

9. *The IEA forecast the following prices for the four markets through to 2030*

Market	Components of the price	Average spot prices between 2025 and 2030	Converted to NZD/GJ ²
Henry Hub (USA)	Natural gas price (not liquefied)	USD 3.7 / MMBtu	NZD 6.03 / GJ
Asian spot market on JKM	LNG spot price	USD 8.5 / MMBtu	NZD 13.86 / GJ
European spot market on TTF	LNG spot price	USD 8 / MMBtu	NZD 13.04 / GJ
Oil-indexed LNG prices	LNG price linked to the price of oil	USD 10 / MMBtu	NZD 16.30 / GJ

LNG pricing could be impacted by global price volatility

- 10. Although LNG prices are expected to fall, they remain vulnerable to price volatility. Global swings in demand and supply as well as geopolitical influences could mean that these prices fluctuate over this time period.

The BCG report forecasts total costs of bringing LNG to New Zealand being between \$27 - \$47 per GJ

- 11. The BCG Report sets out the combined costs of importing LNG into New Zealand and delivering it to the user. It incorporates the additional costs on top of the spot market price.

The BCG Report uses a higher spot market price than the IEA Report

- 12. The BCG report used a spot market price of \$18-\$20/GJ, which was based on the average price in the last six months on the Asian spot market (JKM market). This retrospective price is higher than the IEA’s forecast price of \$14.61/GJ.

The BCG Report includes the additional cost components of LNG importation

- 13. The BCG Report covers the full range of costs in bringing LNG to New Zealand, regasifying the LNG and delivering it to the end user. There are different ways of describing the price, set out in the table below:

Cost component	Forecast price (NZD/GJ)
Asian spot market price (JKM), based on the average price over the last 6 months	NZD \$18-20/GJ
Regasification	Confidential information
Carbon cost	NZD \$3-4/GJ

² Conversion assumptions: 1 USD = 1.72 NZD and that 1 MMBtu = 1.055GJ

<i>Subtotal</i>	\$22 - \$25/GJ
Operational and maintenance expenditure	Confidential information
Capital expenditure	\$3 - \$22/GJ
Total	\$27 - \$47/GJ

14. We intend to cost recover the capital costs Confidential information entrusted to the Government. The BCG report supports this approach, as BCG have noted that recovering capital costs via a per GJ charge will make LNG importation uneconomic.

Annexes

Annex One: *International Energy Agency: Gas 2025 – Analysis and forecasts to 2030*

Annex Two: *Boston Consulting Group: Energy to Grow – Securing New Zealand’s Future*

Annex One: International Energy Agency: Gas 2025 – Analysis and forecasts to 2030
