Why do we need Liquefied Natural Gas (LNG) if New Zealand is going renewable?

1. NEW ZEALAND ALREADY RELIES HEAVILY ON RENEWABLES

Most of our electricity comes from hydro, wind and geothermal. In a good year, that can be over 90% renewable, and we're on track to get to 95–98%.

2. THE PROBLEM: DRY YEARS HAPPEN

Hydro is our biggest renewable source. But when it doesn't rain enough and the wind doesn't blow enough:

- Lakes drop
- Hydro generation falls
- We suddenly need backup power

This is called a dry year — and it's unpredictable.

When that happens, we currently rely on gas and coal-fired power stations.

3. THE REAL ISSUE ISN'T POWER STATIONS – IT'S GAS

New Zealand already has enough gas power stations, but we don't have enough gas.

Domestic gas production is falling fast. That creates a serious risk that in a dry year:

- Power stations can't get enough fuel
- Gas has to be rationed between electricity generation and other users
- We have electricity shortages or very high prices.

4. RENEWABLES ALONE CAN'T FIX THIS QUICKLY

People often ask: *Why not just build more renewables instead of importing LNG?*

The answer is:

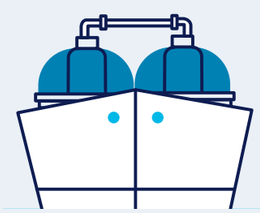
- Renewables are being built, at very large scale
- But most renewables depend on weather
- Batteries and other storage aren't yet big, cheap or fast enough to cover weeks or months of low hydro, sun and wind.

So even with lots more wind and solar, we still need something that:

- Works no matter the weather
- Can supply large amounts of storable energy
- Can be available in the near term

The second best option is diesel, but it's more expensive and less effective than LNG:

- Diesel has a much higher cost of electricity generation than LNG
- Using diesel for dry year cover would put a strain on other fuel users by consuming a huge proportion of our diesel supply – a concern highlighted by current instability in the Middle East
- Diesel generation doesn't help protect the businesses and jobs that rely on gas.



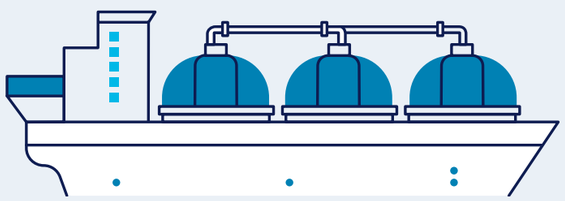
5. WHAT LNG DOES (AND DOESN'T DO)

What LNG does:

- Provides fuel when needed, e.g. in dry years
- Gives confidence that electricity shortages won't happen
- Reduces the risk priced into electricity bills

What LNG does *not* do:

- It does **not** mean building lots of new fossil fuel power stations
- It does **not** replace renewables
- It does **not** lock New Zealand into gas long term



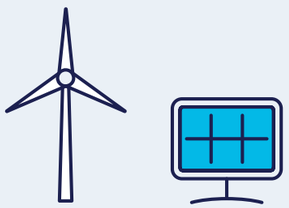
6. WHY LNG HELPS THE RENEWABLE TRANSITION

Having LNG available:

- Makes electricity prices more stable
- Helps more wind and solar get built, because developers know there will be reliable back up when the weather doesn't cooperate
- Gives businesses confidence to electrify
- Buys time for technologies like long duration storage and new renewable options to mature

Without it, the risk is:

- Higher power prices
- More emergency responses
- Slower, messier decarbonisation



THE BOTTOM LINE

New Zealand isn't choosing LNG *instead* of renewables.

We are using LNG so we can become a mostly renewable electricity system without outages, price spikes, or economic shocks along the way.

LNG isn't the destination — it's the stabiliser while we get there.

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

New Zealand Government
Te Kāwanatanga o Aotearoa

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