



Improving the transparency of the gas market

The Ministry of Business, Innovation and Employment (MBIE) would like your feedback on the proposals paper on additional information we plan to request, and in some cases publish, to improve the transparency of the gas market.

Please provide your feedback by **5pm, 7 November 2025**.

When completing this submission form, please provide comments and supporting explanations for your reasoning where relevant. Your feedback provides valuable information and informs decisions about the proposals.

We appreciate your time and effort taken to respond to this consultation.

Instructions

To make a submission you will need to:

1. Fill out your name, email address, phone number and organisation. If you are representing an organisation, please provide a brief description of your organisation and its aims, and ensure you have the authority to represent its views.
2. Fill out your responses to the questions. You can answer any or all of these questions in the proposals paper. Where possible, please provide us with evidence to support your views. Examples can include references to independent research or facts and figures.
3. If your submission has any confidential information:
 - i. Please state this in the email accompanying your submission, and set out clearly which parts you consider should be withheld and the grounds under the Official Information Act 1982 (Official Information Act) that you believe apply. MBIE will take such declarations into account and will consult with submitters when responding to requests under the Official Information Act.
 - ii. Indicate this on the front of your submission (e.g. the first page header may state "In Confidence"). Any confidential information should be clearly marked within the text of your submission (preferably as Microsoft Word comments).
 - iii. Note that submissions are subject to the Official Information Act and may, therefore, be released in part or full. The Privacy Act 2020 also applies.
4. Submit your feedback:
 - a. You can make a submission by emailing to gasconsultation@mbie.govt.nz with either:
 - i. a completed submission using this electronic template; or
 - ii. a submission in another format of your choice.

Submitter information

MBIE invites you to provide some information about yourself. If you choose to provide information in the section below, it will be used to help MBIE understand how different sectors view the proposals and options for requiring and achieving minimum onshore fuel stockholding. Any information you provide will be stored securely.

Your name, email address, phone number and organisation

Name: Len Houwers

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Organisation: Major Gas Users Group Inc (MGUG)

MGUG members are:

- a. Ballance Agri-Nutrients Ltd
- b. Fonterra Co-operative Group
- c. New Zealand Steel Ltd
- d. Oji Fibre Solutions (NZ) Ltd

MGUG provides a collective voice for its members. Some members may choose to make separate submissions to emphasise unique perspectives relevant to them.

- The Privacy Act 2020 applies to submissions. Please tick the box if you do **not** wish your name or other personal information to be included in any information about submissions that MBIE may publish.
- MBIE may upload submissions and potentially a summary of submissions to its website, www.mbie.govt.nz. If you do **not** want your submission or a summary of your submission to be placed on either of these websites, please tick the box and type an explanation below:

NA

Please check if your submission contains confidential information

- I would like my submission (or identifiable parts of my submission) to be kept confidential, and **have stated** my reasons and ground under section 9 of the Official Information Act that I believe apply, for consideration by MBIE.

Improving the transparency of the gas market

1. MBIE and GIC currently publish a range of gas information but there are issues with this:

- a. MBIE's information has gaps and is often published with a lag.
- b. GIC's data (while more timely) does not include private pipelines. This creates gaps.

Do you agree with the issues outlined above? Please explain why or why not.

Yes Yes, with changes No Not sure/No preference

Please explain your views.

MGUG supports MBIE turning its attention to information transparency in the gas market.

Collectively, MGUG members have significant investment in capital equipment reliant on approximately 20 PJ of gas directly/ indirectly annually. Members operate in international markets and a clear picture of the domestic gas market and its future is vital to sustaining a competitive position by informing their forward operational and investment planning with all available information.

MGUG members are a subset of a larger manufacturing sector in an energy crisis. The August Gas Forum held in Auckland this year and the associated manufacturing survey (by BusinessNZ and Optima Energy) confirmed New Zealand is in a gas supply and affordability crisis. For most of the sector represented at this forum, their first awareness of the crisis would have been when they tried to renegotiate their expiring term gas agreements. It appears that it took these initiatives and others by the manufacturing sector to highlight how acute the situation has become for hundreds of businesses. For the Government and MBIE to have not seen this coming, despite large manufacturing businesses closing and numerous others facing closure, shows there is an information problem to be addressed. Having the right raw data is one aspect, but this also needs to be supported by competent and timely analysis and insight. The capacity, depth, and capabilities for analysis and insight resides primarily in the private sector. Allowing wider public access to the basic market information is what addresses what is otherwise a market failure characterised by the current information asymmetry held by producers and vertically integrated suppliers.

We encourage MBIE to ensure it has the right data and domain expertise to analyse gas market data to better inform gas sector and manufacturing sector policy in a timely manner. This should not be limited to seeking more supply and price information from gas field owners. MBIE should also have insight into other parts of the supply chain, including the role that price controls imposed by the Commerce Commission is having on all of New Zealand's 306,000 gas connections. Electricity generator/retailers with gas portfolios also play a significant role in market volatility. MBIE should also examine their impact on decreasing affordability.

The unheralded rate of increases in delivered gas prices has direct impact on household cost of living and cost of services and manufacturing and overall inflation. Residential gas and commercial gas prices have increased by 16% and 20% in the last 4 quarters, and have been compounding at 7% pa and 16%pa respectively since 2020¹. We suspect that most consumers would not have seen this coming. The scale of these increases contributes to increasing energy poverty for households and loss of competitiveness of New Zealand's industries against overseas competition. Whether these increases are justified remains largely hidden from public scrutiny by the opaqueness of relevant information from the gas market.

MBIE gas price publication – poor information quality

Generally speaking, the MBIE gas price publications do not provide a reliable picture of the actual experience of gas users when compared against StatsNZ gas price indices. MBIE uses ANZIC codes for

¹ Price index for household and commercial gas in New Zealand – source StatsNZ

sectoral groupings to serve other economic indicator reporting, but in seeking this alignment for other reporting purposes they misrepresent the actual experiences of different parts of the gas sector (vs economic sector), and are misleading to the wider background. For example, definitions of commercial and industrial sectors to derive weighted average gas prices for each of those sectors do not reflect how retailers segment and price different customer groups. For example, the wholesale definition used by retailers can include any contract sales above 1-2 PJ pa and would include generation as well as large gas users. Industrial sales are generally correlated with users who have term arrangements and have ToU metering (>10 TJ pa) and would include both commercial and industrial customers as defined under ANZIC codes in the MBIE reporting. This creates further problems as a weighted average price include prices set at the start of a contract term, and do not reflect the prices new contracts are demanding. MBIE's use of weighted average creates further distortions as they can be dominated by one or two large users (e.g. Methanex gas price, ostensibly a wholesale customer is captured under the industry category and because of the volume associated with this user, places a significant downward effect on weighted gas price essentially under reporting the wider experience in that sector). MBIE statistics also roll in transport costs and levies on a weighted average price basis creating further distortions because of distance and zone pricing for transmission.

Market Information – different reporting expectations

Publicly listed companies (Genesis/ Contact/ Mercury) have a higher reporting standard obligation than privately held companies (Nova/ Greymouth) disclosing more information (relatively) than private companies. Given the dominance of Nova/ Greymouth, particularly in the industrial (>10 TJ pa) sector their opaqueness is particularly problematic.

Gas market reporting opaqueness could also be contrasted with public reporting obligations placed on the electricity sector where there is much greater transparency and disclosure including; investment plans and timing, wholesale electricity pricing, forward pricing, net backs, customer segments, purchases, sales, etc. It is difficult to justify why gas market information should not have the same public disclosure obligations.

Gas Reserves/ Contingent resource reporting – late and insufficient granularity on future development to be useful

The timing of publication of gas reserves is poor, being 7 months out of date when they are released. A timelier methodology could include reporting of initial or interim numbers as at end of March with final numbers in July. As resource characterisation is a dynamic process within producers' asset development portfolios, producers should also have continuous disclosure on the impairment or improvement of these numbers throughout the year.

In Australia the AEMO requires producers to also report contracted vs uncontracted reserves. This information is relevant for informing investment plans for downstream users.

2C reporting could also be improved. 2C is a broad category with different sublevels based on project maturity. For example, 2C includes projects classed as development pending as well as projects classed as development not being viable (often a large proportion of 2C). While suppliers have a clear visibility of likely future production from contingent resource development within their permits, the market does not. In a supply constrained market, the only value of opaque project reporting is to allow retailers to control price expectations using information asymmetry. The opaqueness in reporting 2C also inhibits the supply and demand studies that the GIC undertake. Relying on the broad 2C definition those attempting to model the future supply are forced to make arbitrary assumptions about fractions of 2C that might be brought into production.

Stronger disclosure obligations on producers are justified. Gas is a crown mineral, there "for the benefit of New Zealand". The realisation of these public benefits is the primary objective for issuing exploration and mining permits. Withholding critical market information benefits permit owners often to the detriment of the public interest.

Private pipelines – too narrow

To reduce demand information gaps, it is not just gas flows on private pipelines that need greater public visibility. Additional information should capture all behind the meter use at production stations. This would include facilities such as McKee power station, the KEJV, gas movements at AGS, as well as demand at different gas gates on private pipelines.

2. Is a lack of information or out-of-date information impacting your ability to make informed decisions about gas use? Please provide examples.

Yes Yes, in part No Not sure

Please explain your views.

As the highlighted in Q1, the August Gas Forum in Auckland and the BusinessNZ and Opima Energy survey showed that many manufacturers are struggling to remain viable due to gas supply and affordability issues and lack timely critical information to inform their business strategies and efficient investment decisions.

Capital and energy intensive industries, with gas facilities that have high maintenance and statutory requirements, and face high energy switching costs with multiyear investment programs, face uncertainty on two fronts: expectations on supply security, and whether the energy is likely to be affordable. In a supply constrained market with little visibility on upstream investment programs, and typically facing limited supplier choice (not unusual to have only one) companies are forced to make suboptimal/ inefficient investment decisions where information asymmetry exists.

3. We want to achieve three objectives with this work:

- a. Enable businesses to make efficient decisions
- b. Create a more level playing field for businesses
- c. Enable government to better monitor the gas market

Do you agree with the objectives we have proposed for these changes? Please explain why or why not.

I agree I agree, with changes I disagree Not sure

Please explain your views.

Information asymmetry is considered a market failure. The failure is even more acute where there is considerable concentration of market power (functionally effective monopolies or near monopolies) that currently exist in certain sectors of the gas market – particularly for industrial users.

Gas is also a crown mineral. The purpose statement of the CMA clearly articulates that the resource exists for the benefit of New Zealand, not solely for the benefit of producers who hold the exclusive mining right. The underlying bargain for exclusivity is that the crown owned resource benefits New Zealand – i.e., its underlying economic wellbeing. It is important that information asymmetry is not being exploited to undermine the welfare interests of New Zealand companies and consumers, or short change the Crown's royalty revenues.

In order to meet the objectives, the further information being sought by MBIE needs to be made publicly available, not just to be privileged to MBIE.

Information we propose to seek from gas producers (page 6 onwards)

4. Do you agree that the information we propose to request will help improve gas market transparency? If not, why not?

I agree I agree, with changes I disagree Not sure

Please explain your views.

See comments in response to Q1.

The first point is to ask what MBIE would do with the additional data to improve market transparency? The proposal does not make it clear, but we are concerned that MBIE may choose not to publish information that it requests.

We see no logic to MBIE requesting information in the interest of promoting greater market “transparency”, and then propose to not publish this in some form (aggregated/ summarised if necessary). Continuing to restrict information to the market will not meet the objectives that MBIE have outlined in Q3.

MBIE currently already requires a lot of information to be submitted via annual reports, most of which is not published. MBIE should be supporting market information symmetry.

MBIE filtering and censoring data to the wider market is missing the opportunity to allow the market to decide what is relevant for them in making decisions about gas. In our view MBIE is not resourced to process the information, or able to recognise what might be valuable to market participants operating under different contexts at different moments in the life of participants. The market is infinitely more capable of customising which information is most useful, and is better equipped and resourced to analyse and process the information.

5. Is there any other information we should request that would help improve gas market transparency?

The AEMO requires producers to disclose production cost estimates to build supply curves that rank gas sources by cost. This supports modelling of marginal supply as well as viability of fields/ basins under different demand and price scenarios. We suggest that MBIE follows this practice also.

6. If your organisation would use the information outlined in the Proposals Paper, are there any proposals that would be of particular value to your organisation? If so, which ones and why? For instance, would contextual information about reserves and forecasts be useful?

Contracted vs uncontracted gas forecasts

2C development plans and timing (and gas price assumptions)

Supply and demand modelling based on production cost estimates

Publication of in-field development well results (a simple statement about potential impact on reserves and production) within 1 or 2 months; and release of production well completion reports at 12 months

7. Do you agree with the items that we do not propose to request?

I agree I agree, with changes I disagree Not sure

Please explain your views.

Market price to make 2C economic is fundamental to understanding future supply and demand. Australia requires it under ACCC and AEMO reporting frameworks. That information supports

transparency in gas supply forecasts, and helps to inform modelling and policy decisions. Producers will also have a view on this as it forms part of their project valuation/ progression.

8. Do you agree with our decisions on which information to publish and which not to publish? If not, which information should we, or should we not, publish?

I agree I agree, with changes I disagree Not sure

Please explain your views.

See response to Q4

9. What are the challenges and costs of providing the additional information we propose to request? You may respond to as many items as you wish.

Yes, there are challenges and/or costs No, there are no challenges and/or costs
 Not sure

Please explain your views.

Costs have to be determined against benefits. In this case the costs are borne by producers but the benefits accrue to New Zealand. However, we don't see that the information itself as anything that is not already being generated by prudent operators.

10. What are the risks (if any) if we publish the additional information from gas producers?

We expect that gas producers will push back strongly on new information requirement that reduces the information asymmetry they currently enjoy to leverage their market power. We believe that the disclosures are necessary to address the significant market failure that information asymmetry is creating. The market is overly concentrated, particularly for the industrial sector, and scarcity pricing is being further enabled by lack of useful forward information.

11. Any other comments not covered by the questions above?

Our responses reflect our concern that the manufacturing sector experiences in the gas market are materially different from other sectors, particularly the mass market or electricity generation. Information asymmetry can be less of a concern when there is sufficient supplier choice and if the market is demand constraint. The current situation is the opposite; few suppliers (typically just one for industrial users) and demand exceeding supply. This places considerable pricing power in the hands of a few suppliers as evidenced by the scarcity pricing being seen at the moment, particularly where suppliers have a clearer view on forward supply, but the rest of the market does not. New Zealand faces a deindustrialisation risk as firms can no longer afford scarcity pricing (vs long run marginal cost pricing), face high switching costs, and limited CAPEX needing to be diverted away from productivity improvements/ expansion. Providing greater market transparency to assist economy efficiency is long overdue.

Information we propose to seek from the wider gas sector (page 9 onwards)

12. Do you agree that the information we propose to request will help improve gas market transparency? If not, why not?

I agree I agree, with changes I disagree Not sure

Please explain your views.

Information symmetry should be a goal for a properly functioning market. However, some information being sought seems to already be available publicly – e.g., gas flows on transmission and distribution systems. Some of this also seems unnecessary in the context of a smaller gas market – e.g., capacity utilisation. Similarly depending on what is meant by “very large users” usage information is already available on a daily basis for many large users through OATIS, particularly those with direct connections to the transmission system. If “very large user” means those with ToU meters embedded in networks with shared gates, then the information would help pick up trends that help improve demand forecasting.

13. Is there any other information we should request that would help improve gas market transparency?

If the purpose is to improve forward looking expectations these should also include mirroring information on the demand side. This excludes for reasons of ICP numbers, relative homogeneity, and materiality, the mass market, but could focus more on the approximately 300+ Time of Use consumers. Their data could be aggregated and suitably summarised to avoid identifying individual companies but would give a more accurate assessment of forward expectations (possibly under different price scenarios)

MBIE should also see sufficient information by market segment to understand the full make up of delivered gas prices. This includes wellhead gas price, gas pipeline transmission and distribution charges, and levies.

14. If your organisation would use the information above, are there any proposals that would be of particular value to your organisation? Why is that?

Market transparency and economic efficiency is promoted by the wider integrated package of public information, each component of which will be useful depending on context and need. There is no need to rank individual items of information. Usefulness will depend as much as to how information is combined and complemented to develop a picture of the whole that is most useful to a market participant at a particular point in time.

15. Do you agree with our proposal to not request contract information for stored gas?

I agree I agree, with changes I disagree Not sure

Please explain your views.

Key information – gas movements and storage are already publicly available as are overall commercial arrangements. However as in all cases, circumstances can change. MBIE should have an option to require greater disclosure if it deems that to be in the broader interest of New Zealand.

16. Do you agree with our proposal to publish all of the requested information? If not, which information should we not publish?

I agree I agree, with changes I disagree Not sure

Please explain your views.

Principle of transparency. We do not see any good reason to withhold information.

17. What are the challenges and costs to provide the information we propose to request? You may respond to as many items as you wish.

We mirror our response in Q9 – we do not see how the wider public benefits of market efficiency will be outweighed by the private costs of setting up systems to communicate data already being captured by the private sector.

18. What are the risks (if any) if we publish the additional information from the wider gas sector?

We do not see any particular real risks. There may be perceived risks of information overload confusing consumers further, or that the information might only have a niche value. We do not consider these to be an argument against more comprehensive and detailed disclosure. Educating consumers to be better informed helps everybody, and information value is contingent on when and where it is needed, neither of which can be determined in advance.

19. If you are a renewable gas producer, what would be the costs and implications of having to report on your production volumes?

NA

20. Any other comments not covered by the questions above?

Our overall view of the wider proposal to improve the transparency of the gas market is that the starting point has to be to support the principle of transparency. That is, everything should be transparent unless there is a good reason for it not to be. To date, the gas market has followed the opposite, where everything is considered to be proprietary unless there was a good reason for it to be made transparent. It has been a continuous slow evolving battle against strident opposition of privileged players over decades to improve public transparency. The gas market has a longer way to go to even match what is transparent in the electricity sector. Commercial sensitivity as an argument against transparency is often overplayed. It is only relevant where transparency expectations are unequally applied, i.e., where information asymmetry is a feature of the market. The wider benefits of information symmetry as a positive feature of open competitive markets benefiting all players (investors, regulators, and consumers) should be obvious.

We further refer to our comments in question 1. It's important that MBIE as the steward of New Zealand's energy data and insight gets ahead of the issues New Zealand is facing. It is impossible to develop coherent energy policy without it. However, that information has to be available to the whole market, not just MBIE. MBIE can only benefit from the input of a wider and informed sector to shape policies that benefit New Zealand.