MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
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Summary of Underpinning Analysis: Gas Governance (Critical Contingency Management) Amendment Regulations 2026

Agency responsible	Ministry of Business, Innovation and Employment
Portfolio	Energy
Date finalised	16 July 2026
Identification Number	REG-1125

Good law-making: 9(i)

The importance of consulting, to the extent that is reasonably practicable, the persons or representatives of the persons that the responsible agency considers will be directly and materially affected by the legislation

Inconsistency identified?	NO

Summary of agency analysis

The Gas Industry Company (**GIC**), as co-regulator of the gas industry, consulted extensively with affected industry parties on proposed amendments to the *Gas Governance (Critical Contingency Management) Regulations 2008 (***CCM Regulations***)*. Consultation began with a 2020 consultation paper, followed by a final statement of proposal in early 2024. Industry broadly supported many of the proposed changes, and GIC used stakeholder feedback to refine its recommendations to the Minister for Energy.

The Ministry of Business, Innovation and Employment (**MBIE**) concluded that GIC's consultation met the requirements under the *Gas Act 1992* (**the Act**) to consult parties likely to be substantially affected before recommending regulations to the Minister for Energy.

Between December 2025 and February 2026, MBIE also undertook targeted consultation with key gas industry participants on the draft *Gas Governance (Critical Contingency Management) Amendment Regulations 2026* (the **Amendment Regulations**). MBIE received six submissions, which focused mainly on ensuring the Amendment Regulations are clear and workable in practice, and used that feedback to refine the drafting.

Good law-making: 9(j)

The importance of carefully evaluating—

- **the issue concerned; and**
- **the effectiveness of any relevant existing legislation and common law; and**
- **whether the public interest requires that the issue be addressed; and**
- **any options (including non-legislative options) that are reasonably available for addressing the issue; and**
- **who is likely to benefit, and who is likely to suffer a detriment, from the legislation**

Inconsistency identified?	NO

Summary of agency analysis

The CCM Regulations have not been substantially amended since 2013. Since then, unplanned gas supply disruptions (eg pipeline ruptures), preparedness exercises, stakeholder feedback, and market changes have highlighted the need to keep the regime effective in preventing network failure and managing disruptions. The objective is to achieve the effective management of critical gas outages and other security of supply contingencies without compromising long-term security of supply.

Under the Act, before recommending regulations to the Minister for Energy, GIC must seek to identify all reasonably practicable options for achieving the objective of the regulations. It then must assess the options by considering the benefits and costs of each option and the extent to which the objective would be promoted or achieved by each option. In addition, GIC must ensure that the objective of the regulations is unlikely to be satisfactorily achieved by any reasonably practicable means other than the making of the regulations.

GIC's final statement of proposal, which was consulted on with the gas sector, presented a coordinated package of regulatory amendments. Given the existing regulatory framework, stakeholders generally agreed with GIC that amending the CCM Regulations is the most practical way to achieve the objective. The package responds to operational changes over the past decade and incorporates lessons from previous critical contingency events and CCM exercises to improve the regime's efficiency.

Because the Act requires the Minister to accept or reject GIC's recommendations as a package, MBIE assessed two options: the status quo or adopting the proposed amendments. MBIE considered the public interest required the issues to be addressed on the basis that the changes would reduce network failure risk, lessen disruption to gas users, and make sure the CCM Regulations remain fit for purpose in the light of changes to the gas system.

Although the amendments are expected to deliver overall benefits, their impacts will differ across the gas industry. A key change will improve curtailment arrangements by allowing larger volumes of gas to be curtailed from fewer users, supporting more efficient and less disruptive responses during contingency events. This is likely to benefit smaller gas users, who would be less likely to have their gas use curtailed. However, larger users may face a greater likelihood of curtailment during such events.

Good law-making: 9(k)

The importance of the responsible agency identifying and developing effective arrangements for implementing the legislation	
Inconsistency identified?	NO
Summary of agency analysis	

The existing critical contingency management regime sets responsibilities and obligations before, during and after a critical contingency event. These include:

- before an event, the Transmission System Owner preparing a critical contingency management plan;
- during an event, the Critical Contingency Operator (an independent service provider appointed under the CCM Regulations) declaring and managing a critical contingency; and
- after an event, the Critical Contingency Operator preparing a performance report that assesses the CCM Plan's effectiveness.

GIC has consulted extensively with the gas industry on the proposed amendments to the CCM Regulations, and MBIE consulted key participants on the draft Amendment Regulations. The consultation process has given industry participants sufficient notice of the forthcoming changes, including where changes may affect their obligations under the critical contingency regime. For example, industry participants have been advised of changes to curtailment arrangements that may affect the likelihood they will have to reduce or stop gas use during a contingency event.

Once the CCM Regulations are amended, GIC will oversee implementation of the refinements to the regime, including communicating and educating the gas industry of the changes.

Good law-making: 9(l)

Legislation should be expected to produce benefits that exceed the costs of the legislation to the public or persons	
Inconsistency identified?	NO
Summary of agency analysis	

The Act requires GIC to assess each recommendation against the status quo, including its costs and benefits, before recommending regulations to the Minister. GIC commissioned a cost-benefit analysis, which found the proposals would deliver a net economic benefit for New Zealand by:

- improving the management of critical contingency events;
- reducing the risk that domestic consumers and small businesses are curtailed, given the high cost of reconnecting them; and

- reducing the number of consumers likely required to curtail in a critical contingency event.

The analysis also found the amendments would not create new or significant additional compliance or enforcement costs.

While not all proposals were assessed as producing a net benefit, the proposals as a package will produce a net benefit. As stated above, the Act requires the Minister to accept or reject GIC's recommendations as a package.

Good law-making: 9(m)

Legislation should be the most effective, efficient, and proportionate response to the issue concerned that is available	
Inconsistency identified?	NO
Summary of agency analysis	

GIC identified amendments to the existing CCM Regulations as the most effective way to improve the critical contingency regime. The proposals refine the current framework and respond to changing market conditions and operational issues identified through contingency events, preparedness exercises, and industry feedback.

As stated in its regulatory impact statement, MBIE agreed that GIC's recommended package of amendments is more effective than retaining the current CCM Regulations unchanged.

Rule of Law: 9(a)(i)

The law should be clear and accessible	
Inconsistency identified?	NO
Summary of agency analysis	

Many proposed amendments are intended to clarify the existing CCM Regulations and remove ambiguity, including during a critical contingency event.

The amendments will be made through publicly accessible secondary legislation and supported by GIC guidance.

Rule of Law: 9(a)(ii)

The law should not adversely affect rights and liberties, or impose obligations, retrospectively	
Inconsistency identified?	NO
Summary of agency analysis	

The proposed amendments to the CCM Regulations do not retrospectively alter legal rights, liabilities, penalties, or obligations.

Rule of Law: 9(a)(iii)

Every person is equal before the law	
Inconsistency identified?	NO
Summary of agency analysis	

The Act, under which these Amendment Regulations are made, binds the Crown. Therefore, the Crown is subject to the same requirements as any other gas participant under the Regulations.

Rule of Law: 9(a)(iv)

There should be an independent impartial judiciary	
Inconsistency identified?	NO
Summary of agency analysis	

The amendments concern operational management of gas critical contingency events and have no impact on judicial independence or impartiality.

Rule of Law: 9(a)(v)

Issues of legal right and liability should be resolved by the application of law, rather than the exercise of administrative discretion	
Inconsistency identified?	NO
Summary of agency analysis	

The regime operates through statutory obligations established in the Act and CCM Regulations. Operational decisions by the Critical Contingency Operator, GIC, and other parties are exercised within defined legislative parameters and for specified purposes.

Several amendments are specifically intended to reduce ambiguity and clarify how existing powers must be exercised. This improves certainty, transparency, and predictability for regulated parties and supports application of the law rather than reliance on broad discretion.

Liberties: 9(b)

Legislation should not unduly diminish a person's liberty, personal security, freedom of choice or action, or rights to own, use, and dispose of property, except as is necessary to provide for, or protect, any such liberty, freedom, or right of another person	
Inconsistency identified?	NO
Summary of agency analysis	

The Amendment Regulations do not unduly affect personal liberties, freedoms, or property. They update operational requirements for participants in a regulated gas market. While some large gas users may face a greater likelihood of curtailment during contingency events, these measures are intended to protect the wider integrity of the gas system and avoid more serious consequences for other consumers. For example, if a gas pipeline rupture is not managed effectively, including by curtailing the largest gas users where necessary, it could result in the loss of gas supply to potentially thousands of commercial and residential customers, including those subject to curtailment. Restoring supply could take months and involve significant economic cost.

A gas network failure could also impact the delivery of gas to designated consumers, such as hospitals, who require gas for essential and critical care services, or provide insufficient time for an orderly shutdown of a plant to prevent or mitigate major plant or environmental damage.

Taking of property: 9(c)

Legislation should not take or severely impair, or authorise the taking or severe impairment of, property without the consent of the owner unless-

- **there is a good justification for the taking or severe impairment; and**
- **fair compensation for the taking or severe impairment is provided to the owner; and**
- **the compensation is provided, to the extent practicable, by or on behalf of the persons who obtain the benefit of the taking or severe impairment**

Inconsistency identified?	NO
Summary of agency analysis	

The Amendment Regulations focus on operational arrangements governing gas contingency management and does not alter ownership rights in gas infrastructure or other property.

As noted above, the Amendment Regulations may increase the likelihood that large gas users will be required to temporarily curtail consumption during a contingency event. However, this is justified by the need to reduce the risk of gas network failure, which could leave thousands of commercial and residential customers, including those subject to the curtailment, without supply for months, and to protect supply for essential and critical care services.

Taxes, fees and levies: 9(d)

The importance of maintaining consistency with section 22(a) of the Constitution Act 1986 (Parliamentary control of taxation)	
Inconsistency identified?	NOT APPLICABLE
Summary of agency analysis	

The Amendment Regulations do not relate to taxation.

Taxes, fees and levies: 9(e)

Legislation should impose, or authorise the imposition of, a fee for goods or services only if the amount of the fee bears a proper relation to the cost of providing the good or service to which it relates	
Inconsistency identified?	NOT APPLICABLE
Summary of agency analysis	

The Amendment Regulations do not change the existing funding regime under the existing CCM Regulations.

Taxes, fees and levies: 9(f)

Legislation should impose, or authorise the imposition of, a levy to fund an objective or a function only if the amount of the levy is reasonable in relation to both— • **the benefits that the class of payers is likely to derive, or the risks attributable to the class, in connection with the objective or function; and** • **the costs of efficiently achieving the objective or providing the function**	
Inconsistency identified?	NOT APPLICABLE
Summary of agency analysis	

The Amendment Regulations would not involve the imposition of a levy.

Role of courts: 9(g)

Legislation should preserve the courts' constitutional role of ascertaining the meaning of legislation	
Inconsistency identified?	NO
Summary of agency analysis	

The Amendment Regulations would not restrict the courts' ability to interpret legislation or determine the meaning of regulatory provisions.

Role of courts: 9(h)

Legislation should make rights and liberties, or obligations, dependent on administrative power only if the power is sufficiently defined and subject to appropriate review	
Inconsistency identified?	NO
Summary of agency analysis	

The CCM regime relies on decisions made by statutory and operational entities such as the Critical Contingency Operator and GIC. Their powers are specified within a legislative framework and are subject to judicial review.

Additional information

Relevant publicly available inquiry, review, or evaluation reports

Further information on GIC's work leading to the Amendment Regulations, including consultation documents, industry submissions, and its recommendation to the Minister for Energy, is available at Critical Contingency Management - Gas Industry

MBIE's regulatory impact statement is available at: Regulatory Impact Statement: Amendments to the Gas Governance (Critical Contingency Management) Regulations 2008

Other unusual provisions or features

A notable feature of the proposal is the statutory constraint contained in the Act. Under the Act, the GIC has the power to recommend certain gas governance regulations to the Minister for Energy and the Minister is required to either accept or reject GIC's recommended package of amendments in its entirety and may not materially alter individual recommendations. This constrained the options available for the Minister's consideration and shaped the analysis undertaken for the amendments.