



EVENT BRIEFING

Meeting with Clarus on 15 May 2025

Date:	14 May 2025	Priority:	Urgent
Security classification:	Commercial in Confidence	Tracking number:	BRIEFING-REQ-0014218

Action sought		
	Action sought	Deadline
Hon Simon Watts Minister for Energy	Note the contents of this briefing, to support your meeting with Clarus on 15 May 2025 at 11.30 – 12.00pm	14 May 2025

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Rebecca Heerdegen	Policy Director	s 9(2)(a)	
John Scott	Policy Director		✓

The following departments/agencies have been consulted
Nil

Minister's office to complete:

☐ Approved

☐ Declined

☐ Noted

☐ Needs change

☐ Seen

☐ Overtaken by Events

☐ See Minister's Notes

☐ Withdrawn

Comments



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Purpose

To provide background information and matters you may wish to discuss with Clarus at your meeting on small-scale importation of liquefied natural gas (LNG) on 15 May 2025 at 11.30am – 12.00pm.

Recommendations

The Ministry of Business, Innovation and Employment (**MBIE**) recommends that you:

- a **Note** the contents of this briefing, to support your meeting with Clarus on small-scale importation of LNG on 15 May 2025 at 11.30am – 12.00pm.

Noted

s 9(2)(a)

Rebecca Heerdegen
Policy Director
Building, Resources and Markets, MBIE

14 / 05 / 2025

Hon Simon Watts
Minister for Energy

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19 MAY 2025

Meeting purpose and logistics

Date:	15 May 2025	Time:	11.30 – 12.00 pm
Location:	Your Beehive office		
Attendees:	Paul Goodeve, Chief Executive, Clarus Ben Gerritsen, GM of Customer and Regulatory Affairs, Clarus Iwan (Ewen) Bridge, Chief Operating Officer / Deputy Chief Executive, Clarus Attendee biographies are included at Annex 1 . Justine Cannon and John Scott will also be present.		
Agenda	Clarus has provided some bullet points to support the meeting. These are attached as Annex 2 .		

1. Small-scale LNG has the potential to provide fuel to help manage dry year risks in the electricity system in a cheaper (and quicker) way than it would be possible if a large-scale LNG facility was developed.¹ Clarus have been working with Gas Strategies in the United Kingdom to prepare a report on small-scale LNG opportunities in a New Zealand context. The work and final report is nearly completed.
2. There are various pros and cons to small-scale LNG systems compared with large-scale systems:
 - a. Typically, a small-scale system comes with lower capital but higher operating costs when compared to a large-scale operation.
 - b. As a LNG facility is most likely to be used in New Zealand to mitigate against dry year risk in the electricity system, and that dry-year risk is managed through a certain volume of gas being available over (roughly) a 3-month period, small-scale LNG would require more gas in underground storage at the start of winter.
 - c. To meet demand, more shipments would be required. This can have implications for port operations.

Information provided by Clarus to officials

3. s 9(2)(ba)(i)

¹ The terms small and large scale refer to the size of the cargo of LNG. There is a common cargo size internationally (approx. 174,000 cubic metres (m³) of LNG) – this is referred to as large (or conventional) scale.

s 9(2)(ba)(i)

4. The attached bullet points (Annex 2) have been provided by Clarus to support the meeting. They have requested that these should not be released publicly as they intend to make public statements about the work in due course.³

Comment

5. The work done on small-scale LNG options is not fully complete but it very usefully complements the work done on large-scale LNG options. Small- and large-scale LNG operations come with quite different strengths and weaknesses.
6. At a high level, a small-scale scheme is far cheaper and should be easier (and possibly quicker) to implement. Given that there are far fewer “parts to the development puzzle” and that existing port facilities do not need modification, one could expect that a small-scale operation may come with less stakeholder concern.
7. The take or pay nature of gas supply (assuming this eventuates) means that there is a lot less flexibility in a small-scale model compared to a large-scale model. One can think of a small-scale LNG system as supplying approximately between 7 & 9 PJ of gas per year, potentially at a price that is relatively high by New Zealand standards. (A second ship could add a further 7-9 PJ per year, should this be desired). It is not clear how much small-scale

³ The small-scale work has been commissioned by a consortium consisting of Clarus, Contact Energy, Genesis and Meridian. Mercury Energy was a member of the consortium that commissioned the large-scale work, alongside the others mentioned above.

LNG importation would reduce risks associated with dry years – s 9(2)(g)(i)
s 9(2)(g)(i)

8. It would be useful to discuss with Clarus whether they consider the market would provide either a small- or large-scale LNG operation. Our suggestion is that you focus the discussion on the workability of a small-scale operation, where they are up to in their processes, and the way in which they consider work on small-scale LNG operations could usefully be progressed. Clarus is aware that government will not be making any major decisions until the Frontier Economics report has been considered.
9. It would be useful for officials to be able to have access to the detail of both the large-scale and the small-scale study (once this one is complete). If government were to wish for work on LNG to go forward, having the ability to analyse and peer review this work would be invaluable. The Gas Strategies work appears to be a high-quality resource.

s 9(2)(g)(i)

s 9(2)(ba)(i)

Annexes

Annex One: Attendee biographies

Annex Two: Material from Clarus. LNG Importation Feasibility Investigation – May 2025

Annex Three: Letter from Clarus

Annex One: Attendee biographies

	Paul Goodeve, Chief Executive Paul has been CE at Clarus since 2016. During his tenure, Clarus has acquired Firstlight Network in 2022, and Rockgas and the Ahuroa gas storage facility in 2018. Before joining Clarus, Paul spent 12 years at Powerco, where he held various roles in regulatory, legal, pricing, commercial, business development, and operations. Paul is also a Director of the Gas Industry Company and is a board member of the Ara Ake Board.
	Ben Gerritsen, GM Regulatory and Customer Affairs Ben joined Clarus as GM Customer and Regulatory in 2016. Ben leads the Clarus strategy, marketing and regulatory teams, and is responsible for the commercial operations of Clarus' pipeline businesses. Ben has previously worked as a consultant on network access, pricing and service quality. He was involved in the of Rockgas LPG business and Ahuroa gas storage facility in 2018. Ben is qualified in law and economics.
	Iwan Bridge, Chief Operating Officer / Deputy Chief Executive Iwan joined Clarus in January 2019. He is responsible for asset management, engineering and capital delivery and for the operation of the gas transmission, distribution and storage businesses as well as the electricity distribution business, Firstlight Network. Prior to joining Clarus, Iwan spent more than 20 years with Royal Dutch Shell in a variety of engineering, operations and asset management roles in New Zealand and Europe. Iwan has degrees in Chemistry, and Corrosion Engineering.

Annex Two: Material from Clarus. LNG Importation Feasibility Investigation – May 2025

Recap on 2024 study

- In late 2024 Clarus (together with the major electricity gentailers) completed a study into the feasibility of LNG imports to New Zealand. This looked at conventional-scale LNG solutions and the infrastructure developments required to facilitate periodic full scale LNG carrier imports to address New Zealand's dry year risk and potential for longer-term gas needs.
- A number of technical options were investigated including using a Floating Storage and Regasification Unit (FSRU) ship that would be moored in New Zealand and would store over 4 PJ of gas that could be vaporised and injected into existing gas pipelines.
- The study found that conventional-scale LNG imports would be:
 - Technically viable at a range of locations. s 9(2)(ba)(i)
 - s 9(2)(ba)(i)
 - Flexible and scalable to respond to specific needs, including New Zealand's dry year risk
 - s 9(2)(ba)(i)
- The timeframe to implement a solution is estimated at 4-5 years, which could be reduced to 3-4 years with government support. s 9(2)(ba)(i)

Small-scale options

- Given the findings of the initial feasibility study, we asked our consultants to explore whether there were any smaller-scale LNG solutions that might be a better fit for the New Zealand market. Specifically, we asked whether there are feasible options that do not require upgrades to port infrastructure that might still contribute to New Zealand's energy challenges (such as dry-year risk).
- The work identified a potential import option that would involve:
 - Building and leasing a small LNG carrier (e.g. 15,000m³ or 360 TJ)
 - s 9(2)(ba)(i)
 - Shuttling the ship between s 9(2)(ba)(i) a round trip of 14 days, plus 4 days for loading and unloading)
 - Onshore cryogenic storage (with less storage required if optimised with onshore underground storage at schemes like Ahuroa gas storage)
 - Onshore regasification.

- This option would deliver roughly 7-9 PJ of additional gas per year into the system. While it would depend on the terms of the LNG supply agreement, the work assumes this would be a consistent supply that would augment domestic gas production.
- The gas would help to ensure that gas storage (such as Ahuroa) is full prior to each winter, providing some additional energy to meet dry-year needs (albeit with less flexibility than a conventional-scale LNG solution).
- s 9(2)(ba)(i)
- s 9(2)(ba)(i)
- The timeframe to implement a small-scale solution is estimated at 3-4 years (again with the potential for faster implementation with government support, s 9(2)(ba)(i)
- s 9(2)(ba)(i)

Overall conclusions and next steps

- The main advantage of a conventional-scale solution is its flexibility – providing New Zealand with access to the global LNG market as needed to meet future energy needs. However, its scale is large and the infrastructure comes at a high cost. Small-scale solutions provide an opportunity to access additional energy that would help to dry year risk alongside other solutions (such as coal imports, demand response, more renewables etc).
- While the two options are not directly comparable, the annual cost of importing 9 PJ of gas using a small-scale solution is roughly half the cost that would be incurred in a conventional-scale solution. Study partners believe that a small-scale solution is a better fit for the New Zealand market and is worth exploring further.
- Next steps would include:
 - Defining a commercial model for progressing the project and identifying potential sources of funding and financing
 - Defining the role of government and obtaining government support for the project
 - Engaging with potential LNG suppliers and understanding appetite and potential terms
 - Optimising design concepts for the facility to ensure the right combination of volume, storage and flexibility in gas supply (moving to concept selection).

Annex Three: Letter from Clarus

s 9(2)(ba)(i)