STATEMENT

New report maps the choices ahead for managing New Zealand's tightening gas supply

A new report from the Energy Transition Framework (ETF) provides the most complete picture yet of New Zealand's tightening gas supply, the economic implications and practical options for managing it as domestic production declines.

The report is the third delivered by the ETF's Gas Working Group. It builds on the original work tracking forecast system-wide gas supply and demand to assess the potential impact on employment and New Zealand's GDP, and examine the available options to manage the energy transition at least-cost.

Until now we haven't had a consolidated view of the whole system and what levers we will need to pull if we are going to manage this transition. Under current settings, pricing signals will determine the speed of switching from gas to other fuels, but that will likely result in those least able to afford to switch bearing the highest costs, which leads to regional businesses closing.

The report shows that a gap between the gas New Zealand produces and the gas our economy uses is likely to appear in 2028 and widen through to 2035. A combination of actions will be needed if New Zealand is to manage the supply gap in a way that best protects energy users, industry and employment over the next eight years.

> **There is no silver bullet. This is not gas versus electrification, or supply versus demand — we will need multiple levers operating at the same time, and the actions needed take years. Waiting does not shorten the lead times; it simply reduces the options available.**

The Government has already taken a number of positive steps to support the energy transition, including the Gas Transition Loan Scheme, support for an LNG import terminal, the Gas Security Fund and the Home Energy Fund. These are important foundations.

We believe the next step is to work with Government on a short, defined piece of scoping work: test whether the gas transition needs dedicated coordination, and if so, how that coordination should work in partnership across Government and system participants. The companies and agencies already doing the work would keep doing it; coordination's job would be making sure their timelines line up to give us the best chance of delivering the least-cost path forward for New Zealand's economy.