

What the Gas Working Group report means for Natural Gas Users – 21 May 2026

In November 2025, the Energy Transition Framework's Gas Working Group published its final report on New Zealand's gas system. This article explains what the report's findings mean for natural gas users. It is intended for individuals and businesses that use reticulated (piped) natural gas in the North Island. Please note that this information does not apply to users of LPG or bottled gas.

New Zealand is navigating a significant shift in its energy landscape. While natural gas remains a key part of our energy mix, the domestic supply from our existing fields is declining faster than previously projected. What this means in practice depends on whether you are a residential user, a small or medium-sized business, or a large commercial or industrial user. This article sets out the picture across the system, then translates the report's findings for each of these three groups.

The Current Situation: Supply and Pricing

Historically, natural gas was a reliable and low-cost part of our energy system. However, the role gas plays is changing rapidly. Domestic gas production has dropped significantly between 2022 and 2025. We could face a supply shortfall of ~10PJ in 2026 (around 10%), and this could double to ~20PJ by 2027 (around 20%). Gas will still be available, but different types of gas users might want to think about this depending on their use profile.

Several things are happening at once. Methanex, the country's largest gas user, is expected to exit, and the Maui field is expected to close. These two changes are likely to provide a very temporary ease to the supply–demand balance. Longer-term, electricity generators are reducing their reliance on gas as more renewables come online: gas use for electricity is expected to fall from 23 PJ in 2025 to around 9 PJ by 2030. As gas use for electricity continues to shift from 'being on all the time' to 'being on when we need it', it will make the availability for gas to use for electricity more critical to energy security.

Set against this, demand from other users is harder to shift quickly. Major fuel-switching projects typically take three to five years from decision to completion, and that timing gap is at the heart of the issue the report identifies.

Because supply is tightening, wholesale prices have seen significant volatility and overall, prices are trending upward. In the 12 months ending late 2025, gas prices increased by 17.3%. The era of historically low gas prices in New Zealand has ended.

The Government is working on an LNG (Liquefied Natural Gas) import facility as an "insurance policy" for energy security. This has been identified by Government as predominantly to assist to manage electricity generation needs during a dry year but may also be available to other users. This imported gas will be subject to

international market prices, so while good procurement practices can manage price spikes, it is more expensive than domestic gas.

Regardless of whether you are a large industrial operator or a residential household, the upward trend in pricing and the decline in domestic supply mean that now is the time to consider your energy options.

Guidance for Commercial and Industrial (C&I) Users

The report identifies large C&I users as the group where the supply–demand gap matters most, both because of the scale of gas use involved and because lead times for major fuel-switching are long. Around 450 large industrial users represent most of the gas consumption outside of Methanex and electricity generation (~18%).

Replacing large-scale gas assets like boilers and kilns involves long lead times and significant capital. Early planning helps you avoid infrastructure bottlenecks and rushed financial decisions.

Exposure to the changing market isn't only a function of how much gas you use. It also depends on the security and duration of your current gas supply contract, how material energy costs are to your business, and whether realistic alternative fuels exist for your process. Now is a good time to test those three factors against the supply trajectory the report sets out.

There is support available. Your gas retailer can provide supply outlook and contracting information. [EECA](#) can assist with efficiency assistance, advice and feasibility studies for switching to electricity, biomass, or geothermal energy. Your existing electricity supplier can also help with information on electricity supply options. For a governance perspective on what the changing gas situation means at board level, see the Institute of Directors' article [Gas risk is now a boardroom issue](#).

Guidance for Small and Medium-Sized Businesses (SMEs)

There are around 11,000 small businesses and 5,000 commercial sites across the North Island that use approximately 5-6% of New Zealand's total gas. Like households, most SMEs should expect gas to continue to be available, with the main near-term impact being price. The practical question for most SMEs is timing.

Look for energy efficiency improvements that pay back quickly. When equipment approaches end of life, weigh up your replacement options. The right answer depends on your specific situation — the size of your gas use, the terms of your current gas contract, what alternatives are technically feasible at your site, and what other changes (electrical capacity, plumbing) would be triggered. Your gas retailer can advise on supply outlook and contracting options, and [EECA has business](#) support resources for SMEs considering changing their gas use.

Guidance for Residential Users

If you use gas at home for cooking, heating, or hot water, you do not need to be concerned about gas suddenly running out. The ~290,000 households on piped gas only use about 5% of the total national gas supply. Gas will continue to be available for residential use for the foreseeable future. There is no expectation for you to ration your use—please continue to use what you need.

While supply is secure, your household bills will likely be impacted by the rising cost of gas. Given this trajectory, you may want to start understanding the options available to you. The most cost-effective time to change appliances is when they reach end of life, or when you are renovating. To prepare, it's worth understanding what your options would be and what the full cost would be.

For practical information on home energy options, EECA's Home Energy Savings tools at eeeca.govt.nz are a good starting point. Your gas retailer can give you specific information about your account and future pricing.

Where to Learn More

There is more information available:

EECA: Visit [EECA's](#) business support or use the Home Energy Savings Calculator.

Powering Change: Visit [Powering Change](#) for the latest updates on the energy transition and the [Gas Working Group's findings](#).