

7 November 2025

[REDACTED]
General Manager, Resources Branch
Ministry of Business, Innovation, and Employment

via e-mail: [REDACTED]

Dear [REDACTED]

Consultation on improving the transparency of the gas market

This letter provides feedback on the proposals to 'Improve the transparency of the gas market' as set out in the proposals paper dated October 2025. Thank you for the opportunity to submit on these proposals.

We start our submission with views on the nature of the problem and the wider context, followed by commentary on general aspects of the proposals, then offer further suggestions for improvements and comments on implementation and the process. We have not provided specific feedback on each of the proposed requirements, but have used them to demonstrate our points.

Overview

In our view, the case for these interventions in the gas information disclosure market has not been made:

- a. the problem that these proposals seek to address, and its causes, have not been clearly defined or supported by compelling evidence;
- b. the costs, benefits and risks have not been adequately assessed; and
- c. the appropriate economic efficiency tests have also not been met to show demonstratable improvements to market outcomes.

In essence, there is no clear line of sight from the problems to the proposals nor how they meet the objectives.

This is not the time to be imposing unnecessary regulatory burdens and costs on the sector. Our mostly mature fields are nearing end of life, significant decommissioning costs are looming and returns are declining. The sector is focussed on improving efficiency and reducing costs to try and ensure that the economic life of fields can be

extended for as long as possible. Officials should be similarly focused. The costs of another layer of regulation will hamper the sector's efforts to improve energy security.

The proposals mostly impose costly and onerous requirements that are unjustified and present unacceptable risks, particularly around possible inaccuracies and errors. Much of the information that is being requested is either already available in some form, publicly or in other parts of government, or could be obtained readily through existing processes. We are therefore unable to support the proposals as presented in the consultation package.

A key problem in the market appears to be accessing and being able to make use of the information already available, not needing more. Gas users at all levels, from consumers to major industrial users, may not have the tools or the capability to do this effectively. Government agencies should take a more active role in collating the data and making it more accessible for users. In lieu of the information 'fishing expedition', we **recommend**:

- a. **a single repository** for all of the key information (i.e. one agency that collates it all and brings it together in one place);
- b. **a dashboard** to present the data in a clear way; and
- c. **other tools and education material** to assist both consumers and commercial/industrial gas users.

If changes are going to be made, it will take time for the sector to plan to deliver them. The outcome of this consultation may not be known for some time and it is already November. Any new information requirements should not be implemented for the next calendar year or requested alongside annual summary reports due in 2026. We **recommend implementation from 1 January 2027**.

Finally, in order to ensure that the changes are suitably targeted at a real problem, we would also **recommend further work with the wider sector** on the proposals. A single round of written consultation with a targeted list of stakeholders is not adequate. There needs to be more open and transparent engagement and collaboration with the whole sector, which should include information sharing, presentations and workshops, and further refinement, testing and iterations of the proposals. Anything less looks rushed and perfunctory.

Understanding the problems and how they can be addressed

The problem definition

Our primary and most fundamental concern is that the problem has not been adequately defined, analysed and supported by evidence.

The proposals paper states that gaps and aged data contribute to uncertainty for market participants and the government in making informed decisions and monitoring the market. However, no direct evidence is offered for these issues and unsupported statements are made such as gas retailers are offering shorter contracts and charging higher prices due the uncertainty from lack of information.

The consultation document also refers to the *Frontier Economics* report ('the Frontier Report') section 'Gas market transparency' which provides a more fulsome analysis of the suggested problem.¹² This concludes that incomplete information may impede effective competition and the efficient trade of gas by imposing high search and transaction costs and increase asymmetry in bargaining power between user and producers.

This may be true in theory, and the analysis may provide a general rationale for making some improvements to the gas market disclosure regime. What it does not do is provide the required level of impact assessment to support the detailed proposals being consulted on.

The stated objectives

MBIE has indicated that it wants to achieve three objectives through these proposals to enable efficient decisions and better government monitoring and create a level playing field. We consider that the first two have essentially already been achieved have concerns about efforts to create a more level playing field for businesses by providing more equal access to information about the gas outlook.

Some level of information asymmetry is a natural and unavoidable part of a healthy and specialised economy. In a competitive market, private information can promote specialisation, encouraging innovation, and fostering market efficiency in the long run. Pursuing the level playing field objective could undermine those benefits. It also raises concerns about free information resulting in a free riding problem as the cost of provision are socialised while the benefits are privatised.

The burden of proof rests with officials to clearly demonstrate the actual problems that give rise to these objectives are not being met, so we expect there to be a clear line of sight to them from proposals. We do not consider that sufficient evidence has been presented, or analysis done, to make the required logical connection between the proposals and achieving these objectives.

The tests that need to be met

The economic tests of 'nationalising' privately held information require an identified market failure that has been caused by information asymmetry. The net public benefit must exceed the costs incurred by those whose information is forcibly made public and improvements to market prices and competition must be demonstrable.³

In our view, these tests have not been adequately assessed for the proposed new requirements, individually or collectively, and probably would not be met if they had. It

¹ *Review of Electricity Market Performance* (23 May 2025) see 7.51 on page 109.

² At pages 106 to 111.

³ In general it is expected that a correction of a market failure (in this case supposed to be an under supply of information) can be shown to result in lower cost provision of the good to which the information relates (productive efficiency), the more efficient allocation of resources to their highest value use (allocative efficiency) and improved investment patterns (dynamic efficiency).

would be very hard to quantify any demonstrable improvements and disaggregate the impacts of information availability from other factors such as market conditions or other government policies affecting the sector.

The wider context

What are the real problems that we should be addressing?

The energy sector is facing real challenges and has pressing issues to deal with, but more information and changes to the disclosure regime will not materially help to address these.

The primary problem that we have is an energy deficit, particularly lack of supply to meet demand for natural gas users. This is a direct consequence of a failure to attract sufficient upstream investment for thermal fuels, largely due to ill-conceived and detrimental policies such as the offshore ban, and the electricity sector's inability build firming capacity to secure adequate dry-year cover. All these factors have led to market volatility, escalating prices and pressure on businesses and consumers that rely on natural gas.

Making more information available, more frequently, will not create more molecules and is unlikely to put downward pressure on prices. We are concerned that focussing on new information requirements in this way is distracting from the real issues that need to be addressed.

Learning lessons from the past

There are also lessons from other parts of the energy system that should inform this debate. The refined fuel sector went through a similar process to improve transparency and openness a few years ago. This has resulted in significant costs falling on regulated parties, sometimes in the millions of dollars, with little or no discernible benefits. We would not want to see this bureaucratic overreach repeated here.

Commentary on common issues across the proposals

Costs and risks

New requirements will impose additional costs and administrative burdens on the sector. As noted above, the benefits are shared across the system, but costs are borne by a few, and those costs will inevitably be passed on to consumers.

There are a range of direct and related costs to disclosing information. There are the costs of having to collect, collate and store the information. Some analysis and evaluation may be required and then it needs to be verified and possibly independently audited before it is transferred in a certain format.

There is a risk that some of the information that is proposed to be made public may have commercially sensitive elements. This is most obvious in relation to data points such as price, but there may also be commercial advantages that could be inferred from some data (e.g. knowing forward commitments could provide leverage) it could impact on

commercial negotiations or expose strategies (e.g., reserves can be forecast based on technical feasibility before commercial agreements are finalised).

The key risk in having to provide more information more often is in relation to possible errors and inaccuracy. Increased frequency of reporting will not necessarily improve accuracy, but may increase confidence in it in an artificial and possibly detrimental way.

The voluntary nature of compliance risks disadvantaging those that provide information when others do not.

The information may already be available

In our view, much of the information being sought is either already available in some form publicly, held by different parts of government, or could be obtained in other ways. It is therefore already possible for market participants to access sufficient information.

The Frontier Report provided a useful summary of the gas market data already published in New Zealand:⁴

Table 8: Gas market data published in New Zealand

Category	What is published	Frequency of publication	Publisher
Reserves	1P, 2P and 3P reserves by gas field	Annual	MBIE
Production	Production volumes at Pokokura, McKee and Mangahewa, Maui, Kupe, Turangi and Kowhai	Daily	GIC
	Gross production and net production (gross production less gas flared, reinjected, and extracted as LPG), by gas field	Annual	MBIE
	Gas supply (net production less own use gas) in aggregate for all gas fields	Annual	MBIE
	Gross production, net production and gas supply in aggregate for all gas fields	Monthly and Quarterly	MBIE
Storage	Storage balance at Ahuroa storage facility	Daily	GIC
Consumption	Consumption volumes by category (i.e., energy, non-energy, agriculture, industrial, commercial, residential, transport)	Quarterly and Annual	MBIE
	Consumption by customer (individually for specific large industrial customers, and for electricity generators)	Daily	GIC
Prices	Average natural gas prices for wholesale, industrial, commercial and residential segments	Quarterly	MBIE + GIC

⁴ See page 107.

There are also a range of other sources of gas market information including:

- a. **the Open Access Transmission Information System (OATIS)** – this online system provides an open access regime on New Zealand's gas transmission pipelines with real time information on pipeline capacity and daily gas flows;
- b. **the spot price gas market** – spot prices for natural gas are available through the online trading exchange emsTradepoint. This provides transparency around day-to-day natural gas market pricing;
- c. **Annual Summary Report (ASR) meetings** – petroleum permit and licence holders are generally required to attend annual meetings with the regulator NZP&M to discuss the content of their ASRs. These meetings present the opportunity for the regulator to ask producers for any information that they may need. A lot of the proposed unpublished requests for gas producers (see **e.** to **i.**), such as forecast assumptions and detailed drilling plans, could be covered in these meetings.
- d. **reporting to Transpower and the Electricity Authority (EA)** – gas retailers/sellers have to provide a range of information to:
 - i. *Transpower to support its System Operator functions (monthly)* including total gas available for electricity generation through contracts or other firming arrangements; and
 - ii. *Electricity Authority (weekly)* including forward gas supply (e.g., deliveries of gas, swaps or trades) for all gas purchasers/sales in the week prior (dates of transactions, the party, date supplied, types of trade, volume traded and the price as well as the details of stored gas);
- e. **price comparison websites** – for consumers, there are websites that provide direct access to real time comparisons of pricing options/plans from energy providers (e.g. Powerswitch which is independent and operated by Consumer NZ); and
- f. **independent research facilities and advisory services** – there are a range of private firms that collate, analyse and report on energy market data (e.g., Enerlytica). For a cost, they provide insights into the state of the energy sector, including gas supply issues, energy shortages and energy policy.

Making use of the information

Even if it was demonstrated that the additional information being sought could potentially improve market outcomes, it is unclear that users would have the tools or capability to make effective use this information. For example, most commercial and industrial gas users do not have in-house expertise in the gas sector to interpret and make sense of data coming out of the sector. Simply increasing the volume of available information is not going improve understanding of it or generate insights that will assist with decision-making.

Contracts and pricing information

A number of the new requirements are related to contracts and pricing (see **h.**, **i.** & **ii.**). Pricing information in relation to gas contracts may not be that useful, or comparable, as all contracts are bespoke and represent the sum total of the terms and conditions. In short, gas contracts do not just sell a gas molecule.

There are no standard contracts so the pricing structures reflect a range of commercial considerations such as optionality, risk-sharing mechanisms, volume, and price indexation. Comparing prices between these contracts would not therefore be meaningful. In our view, the public interest in disclosing this potentially misleading pricing information does not outweigh the importance of preserving the confidentiality of commercially sensitive data.

Publicly exposing the terms of the contracts may create perverse incentives to manipulate them. Parties could downplay where they can get efficiencies and bargain to the highest risk, least efficient party's terms, thus potentially increasing prices for everyone.

Cadence

In a number of cases, the proposals increase the frequency of when information has to be provided (i.e. often going from annually to quarterly and quarterly to weekly). This obviously will require more resource and increase costs for those who have to provide it. It also increases the risks that errors will be made. For example, in relation to daily production data for fields (see **d.**), monthly reporting reflects the frequency that can be provided accurately and moving to weekly reporting would mean the data would be unverified.

In many cases, increased frequency may not be useful or justified as changes can happen slowly or in longer cycles (e.g. forecasts generally have annual cycles). The more frequent information may also not influence some decision-making (i.e. contracts are made infrequently).

Forecasts

Forecast information is relatively stable over time. It is also generally accurate in relation to production unless there are unforeseen events. When this happens, these events have to be reported anyway. The proposed changes to update forecasts quarterly (see **b.**) and provide explanations for differences (see **c.**) would therefore not provide useful information, or would be duplicative.

Renewable gas volumes

Regular reporting from renewable gas producers on production volumes has been requested (see **iv.**). We understand that biogas output is less than 4 PJ annually. We therefore do not consider that these volumes justify reporting as yet.

Suggestions for other improvements

Having identified that some of the key information problems in the market are access to information and the ability to interpret it, **we would recommend:**

- a. **a single repository** for all of the key information (i.e. one agency that collates it all). MBIE would seem to be the obvious choice;
- b. **a dashboard** being developed to present the data in a clear way and maintained by that agency. We note that this was one of the recommendations in the *Frontier Economics* report⁵, but they suggested that GIC be tasked with doing this; and
- c. **other tools and education material** to assist both consumers and commercial/industrial gas users to better understand the data that is being reported. This could include guides (e.g. '101 on gas data'), fact sheets, online calculators etc.

Comments on implementation

A phased approach is proposed for implementation of the proposals. This involves a number of the requirements for gas producers being requested alongside ASRs starting in 2026. The timeframe for the other requirements will be determined later.

We are particularly concerned that MBIE are proposing to implement the proposals for gas producers (i.e. more information, required earlier) for the next calendar year. This would coincide with provision of the ASR information, which will now be in early March. It is already early November and the details of what will be required may not be settled until after the results of the consultation have been analysed, possibly not until December.

We do not consider that this provides the sector with enough time to plan for the changes and risks errors and inaccuracy. We **recommend that implementation is pushed out to 2027.**

Comments on the process

Given the importance and possible impacts of these changes, we do not consider that the process for this consultation has been optimal. We have already pointed out our concerns about the problem definition and analysis to support the consultation, but we also consider that a single-round of written consultation with a targeted group of stakeholders is not adequate.

We would **recommend that there is further engagement, information sharing and collaboration with the sector** on these proposals. More evidence should be produced to demonstrate the problems and support the proposed solutions and made public. Officials should also work directly with a wider group of market participants to better

⁵ See 7.5.1 at page 109.

understand their perspectives and concerns. The proposals could then be further developed, refined and tested over a longer timeframe, which may require several iterations. A thorough and transparent process like this is much more likely to produce effective interventions for the market that are supported by the sector.

Next steps

We would welcome the opportunity to work further with officials on these proposals and how they will be operationalised.

Yours sincerely



John Carnegie
Chief Executive

cc: [REDACTED]
[REDACTED]