Energy Resources Aotearoa
POWERING A BETTER NEW ZEALAND TOGETHER

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Cross-submission on Draft Security of Supply Assessment 2026

Introduction

1. Energy Resources Aotearoa is New Zealand's peak energy sector advocacy organisation. We represent participants from across the energy system, providing a strategic sector perspective on energy issues and their adjacent portfolios. We enable constructive collaboration to bring coherence across the energy sector through and beyond New Zealand's journey to net-zero carbon emissions by 2050.

2. This submission supports Transpower's consultation on the final Security of Supply Assessment 2026 (SOSA 2026), which is the annual assessment of medium-term balance between demand and supply in the electricity system. We last submitted on this topic in November 2025 when we were asked about the assumptions behind it. See our submission here.

Latest context update

3. This SOSA period 2026-2036 is the most important so far for the security of New Zealand's electricity. We support Transpower's continued focus on realistic system planning and the increasing attention being given to security and flexibility risks in the electricity system.

4. The latest gas reserves data published by the Ministry for Business, Innovation and Employment (MBIE) on 13 May 2026 reinforces the seriousness of the challenge facing New Zealand's energy system. Proven and probable gas reserves have fallen a further 23 percent to 731 petajoules (PJ) as at 1 January 2026 (down from 948 as at 1 January 2025). This is the lowest level recorded in two decades. It reveals that our major fields have continued to decline faster

than previously forecast, and the results of taking the pedal off investing in prospective fields which feed the flow of production over time.

5. Against this backdrop, the draft SOSA appropriately highlights the growing importance of flexible and dispatchable generation to maintain electricity security through the late 2020s and early 2030s. We agree with submissions, including Genesis Energy's, that system resilience increasingly depends on maintaining sufficient firming capacity as renewable penetration increases and thermal flexibility tightens.

System levers

Gas

6. In our view, the central issue for electricity markets is whether there are sufficient investment signals to sustain reliable gas supply for the next decade. Gas-fired generation continues to play a critical role in managing dry years, winter peaks, renewable intermittency, and sudden supply shocks. This role becomes even more important as the system potentially loses significant demand response capability from 2027 onward. The Maui field is approaching end of production, but no final decisions on timing have been made.

7. In the likelihood that natural gas is not delivered in needed amounts, imported Liquefied Natural Gas (LNG) continues to be an important backup fuel option. We discuss this under the section on batteries and storage…

Firming

8. We note that in the Government's response to the Frontier report there is a recommendation for new rules to strengthen investment signals for firming fuels and infrastructure, resulting perhaps in the creation of a firming capacity market. This could be achieved with a few simple rule changes and should proceed at pace, but with caution not to bake in a mechanism that creates further problems downstream. This would be preferable to options that seek to disaggregate the electricity sector, which would be very destabilising.

Batteries and storage

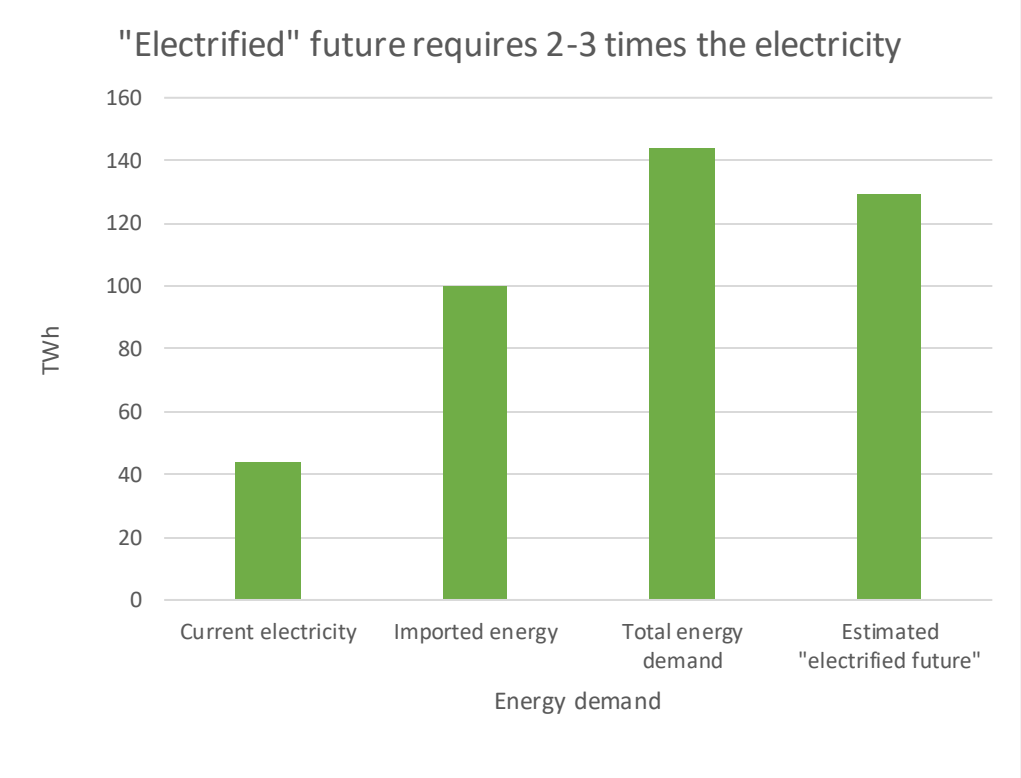
9. We support continued investment in storage technologies, including battery energy storage systems (BESS), alongside demand-side flexibility and renewable

generation. However, storage alone does not solve the underlying adequacy challenge if the system lacks sufficient dispatchable energy during extended low-renewable periods.

10. LNG and associated storage are needed alongside continued efforts to revitalise the natural gas sector. LNG provides an insurance policy because it introduces a new supply of fuel for electricity, and potentially for industry also. Without it, we cannot be confident in having reliable electricity supply over the next ten years and that will impact businesses, households and will raise prices.

Renewable energy

11. Demand forecast needs revision because market confidence in data centres being built has dropped, and there are concerns about delays to the realisation of renewables. The required build of renewable energy to meet future demand, including the electrification of transport, will be a herculean effort. We have made a crude analysis of the scale of the challenge, for illustrative purposes:[1]



[1] This graph shows total current electricity demand in TWh, and imported energy demand converted from PJ to TWh. The 'estimated' future does a rough calculation to consider efficiency gains through electrification, which we have illustrated using a 10% reduction to the total. Data has been drawn from MBIE electricity statistics.

Concluding comments

12. The SOSA 2026 should continue to test downside gas availability scenarios rigorously and recognise the growing interdependence between electricity security and gas supply security over the coming decade.

13. The priority must remain accelerating investment across the full supply stack:

    a upstream gas supply;

    b firming and dispatchable capacity (and potential new market);

    c new renewable generation;

    d batteries and storage; and

    e LNG import capability as a strategic reliability option.

14. New Zealand's electricity system requires timely investment and clearer long-term signals for firming capacity. Without this, New Zealand risks entering an even tighter period characterised by recurring winter volatility, higher prices, and increasing need for costly intervention.