



22 March 2023

Joint Media Release

Households, businesses could face extra \$7bn in energy costs

Source: Energy Resources Aotearoa, GasNZ, Major Gas Users Group

Kiwi households and businesses could face more than \$7 billion in additional energy costs over the next 12 years if government actions force an early move away from natural gas, warns a new independent report.

The report found that as natural gas demand declines, carbon capture, utilisation, and storage (CCUS) and shifting to renewable gases will ensure reliable, affordable energy for all New Zealanders and help meet the country's carbon reduction goals.

The report, 2035/2050 Vision for Gas, by Castalia shows that gas in all its forms has a key role delivering New Zealand's transition to a net zero emissions economy. The independent report was jointly commissioned by Energy Resources Aotearoa, GasNZ, and the Major Gas Users Group Inc to inform the gas sector's input into the Government's Gas Transition Plan.

Energy Resources Aotearoa Chief Executive John Carnegie says:

"This report shows an aggressive phase-out of gas could see Kiwi households and businesses face upwards of \$7 billion in higher energy costs over the next 12 years. With cost-of-living pressures continuing to bite, the last thing New Zealand needs is needlessly expensive energy.

"It is clear that if New Zealand is to transition to a net zero emissions economy in a cost-effective way, we will need to invest in technology to decarbonise. Across the world, other countries are setting up carbon capture, utilisation, and storage (CCUS) projects to secure carbon before it is emitted into the atmosphere. We must ensure we are not left behind."

The Castalia report shows CCUS could reduce as many emissions as the Government forcing us to abandon gas altogether - but at much lower cost to New Zealand businesses and consumers.

GasNZ Chief Executive Janet Carson says the report outlines a strong environmental and economic case for renewable gases for energy resilience over generations.

"A resilient energy system must provide energy choices that suit different needs. Households and businesses across Aotearoa rely on gas for different reasons, they are also concerned about their carbon footprint. This report shows, that with careful planning with a long-term lens, we can have both."

Major Gas Users' Group Inc spokesperson Len Houwers says that a future without gas would lead to the deindustrialisation of major parts of the New Zealand economy.

"Many of New Zealand's largest value-add firms rely upon gas to produce essential products used by our major sectors, and to sell overseas, while creating jobs in our domestic economy. These firms pay for their carbon emissions under the Emissions Trading Scheme, which will progressively reduce emissions across the economy.

"It would be hugely damaging for the Government to ban gas use here and force our major producers to move overseas. That would increase global emissions, reduce local jobs, and force New Zealand to import goods that it currently produces itself.

"This report shows that there is a better way to achieve the same result. The emissions trading scheme will progressively drive down emissions and enabling exploration of opportunities like CCUS and green gas blending will allow us to chart a lower-cost pathway to net zero without the need for direct intervention."

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