Proposed changes to gas pipeline charges and quality standards

November 2025

COMMERCE COMMISSION NEW ZEALAND
Te Komihana Tauhokohoko

The Commerce Commission is proposing changes to the regulations for gas pipeline businesses for the period five-year regulatory period from 1 October 2026.

Why are gas pipelines regulated?

Gas pipeline businesses are natural monopolies with no real competition, so we step in under Part 4 of the Commerce Act to make sure consumers are protected.

Economic regulation helps to mimic conditions of competitive markets, so that gas pipeline businesses:

That means pipeline businesses should:

- → innovate and invest
- → improve efficiency and deliver the service quality consumers want
- → share efficiency gains with consumers —like lower prices
- → don't make excessive profits.

How you can have a say?

These are draft decisions, and we want your feedback.

You can provide feedback via email until Thursday 22 January 2026 to **infrastructure.regulation@comcom.govt.nz**.

Please include ***'Consumer views on Gas DPP4 draft decision'*** in the title of your email.

We'll publish submissions before making our final decision in May 2026.

What is regulated?

We are required to regulate the costs gas pipeline companies on the North Island charge for transporting gas to homes and businesses.

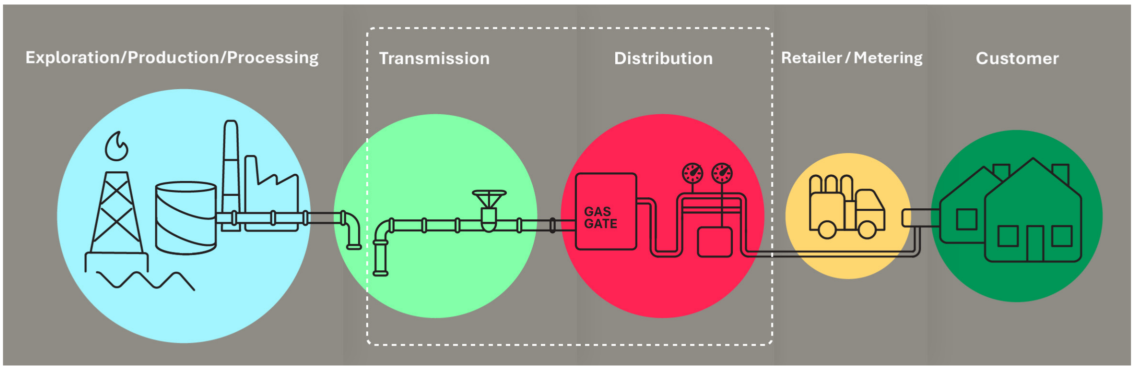
Our focus is on the transmission and distribution parts of gas (see Graphic1) – which make up about a third of residential gas bills.

We don't control individual bills - just the cost of transporting gas through the network.

Five gas pipeline businesses are subject to price-quality regulation.

Firstgas, GasNet, Powerco and Vector are all gas distribution businesses that transport natural gas to commercial and industrial users as well as residential consumers.

Firstgas also has a gas transmission business that provides gas to large users of natural gas such as big industrial plants, electricity generators and the gas distribution businesses.



Graphic 1: Components of the gas sector, indicating that the Commerce Commission regulates only Gas Transmission Businesses (GTBs) and Gas Distribution Businesses (GDBs).

What are the proposed changes?

In our draft decision, we're proposing gas pipeline businesses have a moderate increase in revenue limits to keep networks safe and reliable, while maintaining current standards for outages and emergency response times.

Pipeline businesses would also be allowed to bring forward some depreciation costs to reflect the shorter life of gas assets. We've allowed small increases in operating costs, but not for capital spending related to growth.

As a gas consumer this would mean, you'd have:

- **Safe and reliable service:** The proposed changes aim to keep gas networks operating safely and reliably, so consumers continue to get consistent service. There won't be any extra capital allowance for network expansion, so gas pipeline businesses costs are focused on maintaining existing services.
- **No change in service quality:** Standards for outages and emergency response times stay the same, so there shouldn't be a difference in how quickly issues are fixed.
- **Future-proofed gas assets:** Bringing forward depreciation costs reflects that gas assets may have a shorter life as we move forward. This helps avoid sudden price shocks later.
- **More transparency on disconnection cost:** With growing consumer concerns around the process and costs of disconnecting from gas networks, we think more transparency will be needed. We'll be considering the possibility of introducing monitoring under our information disclosure function.

How may this impact you?

If you are a gas consumer the draft decision would mean a modest increase in your pipeline component of household gas bills from October 2026.

Pipeline charges make up about one third of the residential gas bills, but the final price consumers pay will also depend on their retailer's pricing and individual circumstances.

We've estimated household bills might be:

Consumers on Vector's Auckland network would see the largest adjustment, which has been spread over 2 years to ease the impact. The estimated average increase in Auckland household gas bills is about $4 per month in the first year, and again in the second year.

Vector's maximum revenues have been held flat for the past three years, and there is less room to offset costs now. After this adjustment, Vector's average monthly charges are expected to remain among the lowest when compared to other networks.

The average household bill in other areas of the North Island would increase by around $2 per month from October 2026.

For the remainder of the period, average increases are expected to be largely limited to inflation.