Open Letter: Exercise Restraint on LNG Import Facility Decision Ahead of the Election

21 July 2026

Rt Hon Christopher Luxon
Prime Minister of New Zealand

Hon Simeon Brown
Minister for Energy

Dear Prime Minister and Minister,

Re: LNG Import Facility – Request to Defer Any Binding Contract Until After the General Election

The Smart Energy Alliance respectfully urges the Government not to enter into a binding commercial agreement for a liquefied natural gas (LNG) import facility in the period immediately preceding the General Election.

This is not a request to abandon consideration of an LNG import terminal. Rather, it is a request that a decision of such long-term strategic significance be made by the Government that receives a mandate from New Zealanders at the forthcoming election.

In our view, the Government should exercise restraint in recognition of rushing through such a major investment with potentially serious safety, economic and environmental implications during the pre-election period.

There is no immediate imperative requiring a binding commitment in the coming weeks. Multiple assessments indicate New Zealand has sufficient electricity supply to manage dry-year risk for at least the next 18 months, and likely considerably longer. Deferring a contractual commitment until after the election would therefore have little practical impact on energy security while preserving public confidence in the decision-making process.

Importantly, a number of fundamental questions remain unresolved.

These include:

- Whether an LNG import terminal represents the best value for New Zealand compared with alternative investments in generation, storage, demand flexibility and distributed energy resources.
- The absence of publicly available analysis comparing LNG against other options using consistent assumptions and methodologies. (Publicly released information shows the Infrastructure Commission and the Treasury raised early concerns about the problem definition, strength of the business case, limited assessment of other options and that there are questions about some of MBIE's own modelling. This reinforces, rather than resolves, the case for full and timely disclosure of the analysis underpinning the decision).

- The eventual allocation of costs, including whether households and electricity consumers could ultimately bear costs that principally benefit a smaller group of gas users.
- The long-term exposure of consumers to LNG-linked pricing and risk that LNG could push up power prices economy-wide, not only for gas users, for decades to come. International LNG supply is typically secured through 25-30 year contracts and New Zealand's wholesale electricity market design means the most expensive generator running at any given time sets the price paid by all consumers. On some estimates, LNG-fired generation could cost in the order of at least NZ$200-250/MWh.
- Potential environmental, marine and fisheries impacts associated with port modifications, dredging and ongoing vessel operations.
- Safety considerations associated with the siting of the LNG import facility in Port Taranaki LNG shipping, storage and handling, particularly if new infrastructure is required.
- The extent of legislative or regulatory changes that may be required to enable or support the project.
- The commercial arrangements, risk allocation and long-term liabilities that would accompany any binding agreement.

Collectively, these issues demonstrate that this remains a complex national infrastructure decision rather than a routine procurement.

Whatever one's view of the LNG import facility, New Zealanders should expect that decisions involving potentially billions of dollars, decades of consequences and significant public policy implications are made transparently and with broad public confidence. This is particularly important given the costs and benefits of this decision will be borne by consumers over decades, well beyond the term of any single Government. The funding and cost allocation model has not yet been settled.

Delaying a binding commitment by only a few months would allow the issue to be debated during the election campaign, enable all political parties to present their positions, and ensure that whichever Government is elected has a clear democratic mandate to proceed—or not proceed. Such an approach would strengthen, rather than weaken, confidence in New Zealand's governance and investment environment.

The Smart Energy Alliance therefore respectfully requests that the Government:

1. Refrain from signing any binding commercial agreement relating to an LNG import facility before the General Election. We note recent reports that the Government intends to select a preferred provider and sign a contract before the November election, and ask that this timeline be reconsidered in light of the unresolved matters set out above.
2. Continue technical and commercial evaluation work so that an incoming Government can make an informed decision without unnecessary delay.
3. Release further information regarding alternative options, expected costs, commercial arrangements, safety assessments and regulatory implications to enable informed public discussion. In particular, we ask that the Government clarify how the facility will be funded now that the proposed electricity levy has been withdrawn and confirm what protections, if any, will be in place to prevent costs being passed through to consumers regardless of the funding mechanism chosen.

Energy security is one of the most significant infrastructure challenges facing New Zealand over coming decades. It deserves a decision that is not only commercially robust, but also enjoys the confidence that comes from a transparent process and an appropriate democratic mandate.

We ask that the Government exercise the restraint that New Zealanders have traditionally expected when major long-term decisions coincide with an imminent election.

Yours sincerely,

Gareth Williams

for Smart Energy Alliance

www.smarterenergy.nz

Brendan Winitana
CEO & Chair Sustainable Energy Association NZ

Jon Duffy
CEO Consumer NZ

Mike Casey
CEO Rewiring Aotearoa

Rachel Brown
CEO Sustainable Business Network

Andrew Eagles
CEO NZ Green Building Council

Brian Cox
Executive Officer Bioenergy Association

Alex Vranyac-Wheeler
CEO Master Electricians