

Cheaper, greener energy: Biogas could far outshine imported LNG by 2050, report suggests

Tom Pullar-Strecker, The Post
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Ecogas' biogas facility near Rotorua remains one of the biggest investments in the sector to date

Gas industry body GasNZ has called on the Government to set a target of producing 5 petajoules of gas a year from organic waste by 2035, which it estimates would be enough to meet more than a third of demand from households and smaller businesses.

The association, whose members include gas distributors FirstGas and PowerCo, said in a report that biomethane could produce about 25 PJ a year by 2050, which it forecast would be enough by then to meet half the country's total remaining gas demand.

In comparison, [the LNG import facility the Government intends to underwrite](#) is being designed to enable imports of 12 PJ of gas a year,

Brian Cox, who heads the Bioenergy Association, which contributed to the GasNZ report, said the Government had been slow to follow through on slated support for the sector to date.

GasNZ chief executive Jeffrey Clarke said New Zealand was "way behind other countries in producing biomethane".

Denmark had replaced about 40% to 45% of its natural gas with biomethane sourced largely from animal waste and was an example of what could be achieved, he said.

The terms biogas and biomethane tend to be used fairly interchangeably. Biogas refers to the gas usually harvested from the anaerobic digestion of organic waste made from the likes of food scraps, animal waste and sewage.

Biomethane is the "cleaned" version of the gas that can be directly injected into the gas network to replace natural gas.

Energy Minister Simon Watts released a statement on biogas in October that ran to two pages and said the Government intended on "a market-led approach to supporting the establishment of a biogas market".

Cox said one positive initiative set out in the statement that had got under way was an attempt by the Energy Efficiency and Conservation Authority to map regional supplies of organic waste that could be used to produce biogas.

But other than that, the Government had done nothing much since then, he said.

"When we're in crisis, you'd think that we would be a little bit faster."



Energy Minister Simon Watts said the Government remained committed to enabling the biogas market to grow. BRUCE MACKAY / THE POST

A report released earlier this month by the country's quasi-regulator, the [Gas Industry Company](#), forecast domestic gas production would [drop from 112 petajoules last year to 71 PJ in 2028](#).

That would leave New Zealand in shorter supply even if its [largest gas user, Methanex](#), dropped out of the market next year, it forecast.

Cox said the conflict in the Middle East was “just today’s problem”.

“We need to be thinking about what we can do to be more self-sufficient as a country, and utilising our residues, in this case organic residues, to make biogas is a no-brainer.”

Watts said the Government remained committed to enabling the biogas market to grow and implementing the actions set out in its statement, which also briefly touched on the possibility of access to funding sources, “removing regulatory barriers” and the diversion of organic waste from landfill.

Clarke said GasNZ’s report was intended to build on the statement put out by the Government.

The statement was “literally the first time” any New Zealand government had said it believed biogas is the future, he said.

“We said, ‘but you know, it needs action’. And they said, ‘well, you go away and tell us what action we need’.”

It was unfortunate GasNZ’s report had been presented to ministers shortly after the [US and Israeli attack on Iran](#), he said. “Obviously there’s a little bit of a different priority this week than there was a month ago.”

But the conflict had increased the case for increased fuel sovereignty, he said.

“We are saying we can viably produce 25 petajoules per year by 2050 from New Zealand resources. If that’s not more pressing now than it was a month ago, I don’t know what is.”

What was required was for the Government to change some policy settings and “make some low-cost capital available to get the really good projects up and running”, Clarke said.



Capturing methane from landfills is among the lower-hanging fruit.

ROBERT KITCHIN / THE POST

Cox said two changes that would help most would be for the Government to ensure councils separated the collection of food scraps from green waste, and increase the levy on its disposal, to discourage sending it to landfill and make it more likely it was available as a feedstock for biogas production.

The head of the [World Biogas Association, Charlotte Morton](#), said on a visit to Wellington in July, well ahead of the latest Middle East conflict, that the risk of conflicts disrupting the international flow of oil and gas was giving a fresh leg-up to biogas.

The cost of producing biogas varies greatly according to the feedstock.

But the International Energy Agency has estimated that, globally, about 1700 PJ of biogas could be produced annually at prices “equal to or lower than prevailing wholesale natural gas prices”.

Tapping into methane released from landfills - as occurs at Wellington’s Southern Landfill - is often regarded as the lowest-hanging fruit.

Food scraps collected from households in Auckland are now being converted into biomethane [and injected into the gas network near Taupō](#).

Higher-volume but lower-energy waste streams such as animal manure generally present the biggest logistical challenges.

Morton told The Post in July that the economics of biogas would look better by comparison if the fossil fuel industry had to foot the bill for [methane it leaked into the atmosphere](#) and other hidden costs.

She referenced a report by the International Monetary Fund that estimated fossil fuels received

US\$7 trillion annually in “subsidies” in 2022 in the form of direct help and not having to pay for the consequences of air pollution, climate change and “damages from road accidents and congestion”.

“We don't price things properly. We're not ‘pricing’ methane emissions from organic waste. We're not pricing methane emissions from the fossil gas industry,” she said.

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