

Submission by



to

**MBIE**

on the

**Draft Fuel Security Plan**

25<sup>th</sup> of August 2025

# **Draft Fuel Security Plan**

## **– SUBMISSION BY BUSINESSNZ ENERGY COUNCIL–**

### **Introduction**

1. BusinessNZ Energy Council (BEC)<sup>1</sup> is pleased to have the opportunity to provide feedback on the Ministry of Business, Innovation and Employment (MBIE) consultation titled '[Draft Fuel Security Plan](#)'.
2. BEC represents a diverse array of leading energy-sector businesses, government bodies, and research organisations dedicated to creating a sustainable, equitable, and secure energy future.
3. As a brand of BusinessNZ, New Zealand's largest business advocacy organisation, we represent the World Energy Council in New Zealand, aiming to shape better outcomes for our wider energy system both locally and globally.
4. With this consultation, MBIE has laid out its Draft Fuel Security Plan. It aims at providing New Zealand with a fuel system that is resilient to disruptions, so that people have access to fuel where and when they need it.
5. BEC supports this initiative as an important lever in improving New Zealand's Energy Security and hope it can help to provide some certainty for stakeholders moving forward.
6. There are concerns within this draft however, particularly the inclusion of Special Economic Zones (SEZs) which BEC believes is an example of 'picking winners' both regionally and by sector. Instead, the government should look for nationwide initiatives, this could include the use of government fleets to create stable demand or government support for developing shared infrastructure which would lower barriers across the whole sector not just within an SEZ.

### **Key Recommendations for MBIE and the Government**

- BEC recommends continuing to develop the Fuel Security Plan as it is a good way of decreasing uncertainty and increasing confidence around security of supply.
- BEC suggests a better understanding of how/who will pay for the increase of critical infrastructure is required.
- BEC cautions against relying solely on trucks to provide alternative distribution methods necessary to mitigate against single points of failure.
- BEC recommends not continuing with the idea of implementing Special Economic Zones, as they pick winners both regionally and by sector. Relevant actions should apply in all locations.

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<sup>1</sup> More about BEC in APPENDIX One

## **General discussion**

7. In 2023, New Zealand imported 105.39 PJ of petrol, 154.87 PJ of diesel and 58.71 PJ of jet fuel.<sup>2</sup> With the transport sector, which made up 37.1% of New Zealand's 2023 energy consumption,<sup>3</sup> using the vast majority of it.
8. As MBIE points out within this Draft Fuel Security Plan, following the closure of Marsden Point refinery, New Zealand now imports all its petrol, diesel and aviation fuel.
9. This has somewhat reduced the risk of a single point of failure as we import from various suppliers. However, it also means that New Zealand no longer has any domestic refining capability.
10. Due to the vital nature of these engine fuels, it is important to look for ways in which New Zealand can improve its energy security. With this in mind BEC is happy to see the work that MBIE has done on this draft.
11. MBIE has outlined its vision out to 2035 which is to have a fuel system that is resilient to disruptions, so that people have access to fuel where and when they need it.
12. BEC supports this vision, an important aspect of energy equity is maintaining universal access to all types of energy, whether that is electricity, gas, coal or engine fuels. It is important to note however that simply ensuring access means little if it is prohibitively expensive. Working towards maintaining resiliency and affordability should be included within MBIEs vision.
13. Within this draft MBIE also indicates that its objective out to 2035 is to maintain fuel supply by:
  - a) Improving energy independence.
  - b) Reducing vulnerabilities in our fuel supply chains.
  - c) Minimising the impact of fuel disruptions.
14. BEC agrees that these three pillars should be prioritised when looking at maintaining fuel supply. This is due to them helping to minimise the impact of both domestic and international shocks.
15. There are four focus areas which the draft focuses on:
  - a) Resilience to global supply disruptions.
  - b) Domestic resilience.
  - c) Supporting domestic fuel alternatives.
  - d) Resilience in a transitioning market.

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<sup>2</sup> <https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-statistics-and-modelling/energy-statistics/energy-balances>

<sup>3</sup> <https://www.iea.org/countries/new-zealand/energy-mix>

16. BEC agrees that this plan should be looking out to 2035. This is because within a constantly changing geopolitical, technological and domestic landscape New Zealand's outlook in 10 years may have shifted.
17. BEC notes that the Draft Fuel Security Plan appears to primarily focus on liquid fuels. It is important to acknowledge that businesses are going to be significantly impacted by an ongoing lack of gas supply. While recent Government announcement aims to restore market confidence, it is crucial that we also prepare for less favourable outcomes. Long-term gas constraints must be addressed. The current Draft Fuel Security Plan provides us with a vital opportunity to broaden the scope. A clear and scenario-based plan is essential for stabilising energy security, especially given the competing demands for dwindling gas supplies. This is an issue we have discussed with both Minister Hon Shane Jones and Minister Hon Simon Watts in our previous meetings.
18. We recommend widening the scope of the Fuel Security Plan to address the current gas situation and include ways in the strategy to stimulate growth of alternative energy supplies. This includes enabling biogas, biomass, hydrogen, renewable generation, and similar options, along with additional gas supplies thinking of LPG or LNG. The possible cessation of gas supply presents a considerable risk to various industries, potentially resulting in inflation and dependence on imported alternatives

### **Focus area one – Resilience against global supply shock**

19. As all of New Zealand's petrol, diesel and jet fuel comes from overseas refineries, mainly out of Asia, which means New Zealand is vulnerable to external supply shocks and price volatility.
20. In the face of this vulnerability and continued import reliance one of the ways that New Zealand can mitigate is by engaging with the international community. BEC is glad to see that MBIE plans to continue engagement with the International Energy Agency (IEA).
21. Continuing this engagement helps to position New Zealand to take advantage of fuel stocks freed up by the IEA during global disruptions.
22. Exploring further bilateral agreements with fuel exporters could be a way to further increase support during times of market stress. This should include the strengthening of the direct relationship between New Zealand importers and key refineries.
23. Regarding increases in the stockholding arrangements for diesel up to 28 days this clearly would increase fuel security, but there remains the question of how/who will pay for the necessary investment in holding tanks. Initiatives such as the Net Zero Banking Alliance make it harder for petrochemical companies to acquire loans further complicating investment decisions.
24. A 7 day increase in diesel represents a 2.97PJ increase<sup>4</sup> (based on the latest MBIE energy balance tables) which is equivalent to 81,199,170.12 litres of diesel.<sup>5</sup> If you use numbers from the Fuel Security Study, which was commissioned by MBIE, it estimates a CAPEX cost

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<sup>4</sup> <https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-statistics-and-modelling/energy-statistics/energy-balances>

<sup>5</sup> [Approximate conversion factors](#)

of 14.618 million NZD for a 12 ML tank (working out to 1218.17 NZD per cubic meter) you come to a total CAPEX of around 98.9 million NZD,<sup>6</sup> plus additional OPEX costs for operation of this infrastructure.

25. If industry bears infrastructure costs these will be recovered through pump prices meaning the New Zealand consumer will absorb a large portion of CAPEX costs. Moving forward the government should consider doing a detailed cost benefit analysis to fully understand the costs and where they would fall.

### **Focus area two – Domestic resilience**

26. BEC agrees that the monitoring of fuel related risks on the national risk register should continue and that testing of the national fuel plan should occur at least once a year through the national exercise programme and participation in fuel sector exercises.
27. While it is clear that alternative distribution methods are necessary to mitigate against single points of failure, BEC cautions against relying solely on trucks and the associated drivers to provide this.
28. During the Refinery to Auckland Pipeline (RAP) outage in 2017 temporary supply routes were set up to continue to provide the supply of the pipeline. One of the two was to transfer fuel by truck from the Marsden Point refinery to the JUHI. Within the Auckland Fuel Supply Disruption Inquiry, they found that a significant limiting factor was the lack of suitable trucks and drivers.

*"Nationwide, only a small number of trucks are equipped and certified to carry jet fuel, and some of these were already being used to support the extra jet fuel being supplied to support refueling at regional airports."*

29. To ensure supply chain resilience there must be a move to increase the number of qualified drivers and fuel trucks to ensure that there is adequate capacity to meet supply needs. Fuel companies should also provide assurances of their ability to a significant disruption scenario, including maintaining sufficient distribution capacity via their trucking fleet.
30. BEC also recommends that a reassessment of the current NZTA High Productivity Motor Vehicle map is needed, particularly to address the supply chain between Marsden Point and Auckland.
31. BEC notes that domestic resilience could be challenged in an emergency situation. The use of fuels for essential services may be impacted. With this in mind domestic resilience may involve prioritizing essential services or at least linking to emergency management plans.

### **Focus area three – Supporting domestic alternatives**

32. BEC has serious concerns surrounding the idea of implementing special economic zones (SEZs). SEZs concentrate incentives in certain areas which can distort regional

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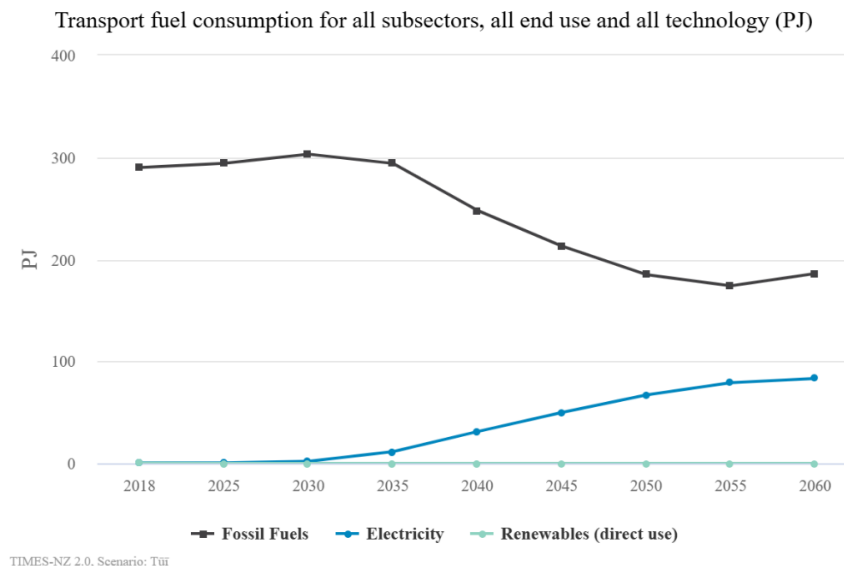
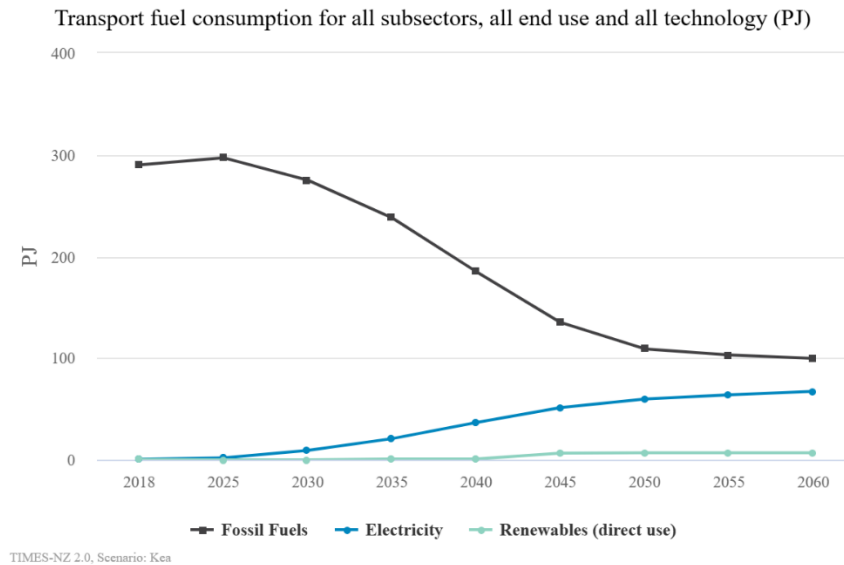
<sup>6</sup> [Fuel Security Study](#)

development. Regions not chosen to host SEZs may be neglected, leading to uneven growth.

33. SEZs within this context would also be an example of the government 'picking winners', which creates market distortions and sectoral favouritism.
34. There is also the issue where SEZs may encourage rent-seeking behaviour where firms locate themselves there due to incentives rather than productivity.
35. Instead BEC believes that the government should look for nationwide initiatives that can be applied across the whole country. This could include the use of government fleets to create stable demand or government support for developing shared infrastructure or optimising existing infrastructure which would lower barriers across the whole sector, not just within an SEZ.
36. BEC supports the continued support shown for the Supercharging EV Infrastructure work programme. This is expected to help support the uptake of the EV fleet within NZ by reducing the demand for imported fuel.
37. BEC suggests that expanding hydrogen infrastructure may help heavy vehicles shift into alternative fuels which would help to provide resilience for the heavy transport sector.
38. BEC recommends continuing investigations into the viability of domestically produced Sustainable Aviation Fuel (SAF), namely 'drop-in' fuel, which can be used in an existing aircraft fleet. Within this the government should ensure that New Zealand is not falling behind trading partners, many of which had already shown support for SAF. The role of enabling policy setting in this is vital.
39. While production costs for such fuel may be high currently, as demand for biofuels grows both domestically and internationally the economics of production will improve.
40. When looking at possible alternative fuel options for maritime shipping, BEC suggests looking into the use of Methanol. Given that it is a product made in New Zealand it could help to provide fuel security.
41. Within the TIMES-NZ 2.0 model<sup>7</sup> we see that in both the Kea and Tui scenarios that the share of electricity within transport fuel consumption increases substantially.

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<sup>7</sup> More information about TIMES-NZ 2.0 in the appendix.



42. With this expected electrification New Zealand's reliance on imported fuels will decline, improving energy security. However, in order to meet the demand for electricity there will need to be significant investment in generation, transmission and distribution, something that this draft fuel security plan does not address. Actions related to enabling electricity generation, transmission and distribution should be incorporated into this fuel security plan.

#### **Focus area four – Resilience in a transitioning market**

43. BEC agrees that continued monitoring of regional supply and demand patterns is necessary to help mitigate the impacts of premature closure or underinvestment in critical infrastructure.
44. As the efficiency of the light ICE vehicle fleet improves and EV uptake increases demand for petrol will reduce. While this could impact investment decisions for petrol infrastructure

it could also provide an opportunity to reallocate petrol storage to diesel and jet fuel. This would be a low-cost option for improving resilience.

45. Stranded assets are a genuine risk in a transitioning market. This may impact who invests in infrastructure, who is in the market, and willingness to invest in maintaining infrastructure. For a managed transition, all options to manage underinvestment or the risk of stranded assets should be considered. The ability for infrastructure providers to recover investment made in infrastructure for essential services is an important principle and also supports ongoing infrastructure maintenance and safety. We encourage the government to consider their role in minimising the risk of stranded assets, for example through regulatory or financing options to provide for the necessary investment during the transition and recognise significant existing investment in essential services. An action should be added to the fuel security plan to 'investigate the risk of stranded assets, options to minimise this risk during the transition, and the government role'.
46. BEC emphasises that predictable policy settings across the energy sector will help with mitigating the risk of stranded assets and underinvestment as businesses can make long term business decisions with greater confidence.
47. To support these predictable policy settings BEC again highlights the need for a long-term (bi-partisan) energy strategy to provide a clear direction for the whole energy sector, with all its interrelated parts.



## APPENDIX ONE – BACKGROUND INFORMATION ON THE BUSINESSNZ ENERGY COUNCIL

The [BusinessNZ Energy Council \(BEC\)](#) is a group of leading energy-sector business, government and research organisations taking a leading role in creating a sustainable, equitable and secure energy future.

BEC is a brand of BusinessNZ and represents the [World Energy Council](#) in New Zealand. Together with its members, BEC is shaping the energy agenda for New Zealand and globally.

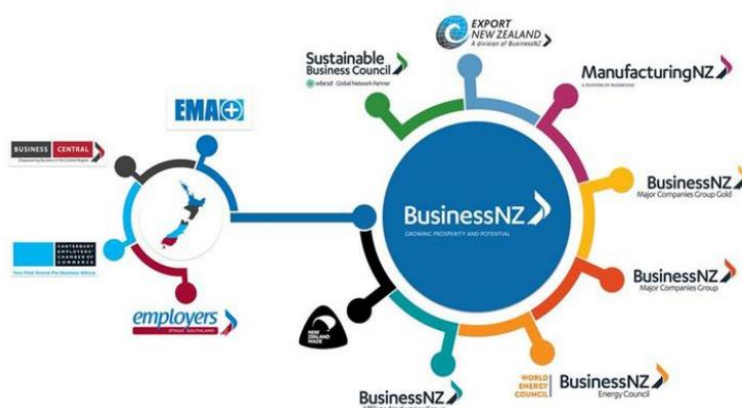


[BusinessNZ](#) is New Zealand's largest business advocacy body, representing:

- Regional business groups: [EMA](#), [Business Central](#), [Canterbury Employers' Chamber of Commerce](#), and [Business South](#)
- [Major Companies Group](#) of New Zealand's largest businesses
- [Gold Group](#) of medium sized businesses
- [Affiliated Industries Group](#) of national industry associations
- [ExportNZ](#) representing New Zealand exporting enterprises
- [ManufacturingNZ](#) representing New Zealand manufacturing enterprises
- [Sustainable Business Council](#) of enterprises leading sustainable business practice
- [BusinessNZ Energy Council](#) of enterprises leading sustainable energy production and use
- [Buy NZ Made](#) representing producers, retailers, consumers of NZ-made goods

BusinessNZ is able to tap into the views of over 76,000 employers and businesses, ranging from the smallest to the largest and reflecting the make-up of the New Zealand economy.

In addition to advocacy and services for enterprise, BusinessNZ contributes to Government, tripartite working parties and international bodies including the International Labour Organisation ([ILO](#)), the International Organisation of Employers ([IOE](#)) and the Business and Industry Advisory Council ([BIAC](#)) to the Organisation for Economic Cooperation and Development ([OECD](#)).



## **APPENDIX TWO – FURTHER INFORMATION ON TIMES-NZ 2.0**

BEC, in conjunction with EECA and over 60 partners from across the energy sector, including private and public sector entities, have developed [TIMES-NZ](#) to stimulate future energy system thinking. TIMES-NZ scenario modelling is to stimulate future energy thinking by providing an **integrated overview of New Zealand's energy sector**, showing where we are now and where we might be heading, including the trade-offs and opportunities for taking a pioneer or follower approach related to climate change actions.