

Submission by



to

**MBIE**

on the

**Review of the Engine Fuel Specifications Regulations  
2011**

4 April 2025

# **Review of the Engine Fuel Specifications Regulations 2011**

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

### **Introduction**

1. BusinessNZ Energy Council (BEC)<sup>1</sup> is pleased to have the opportunity to provide feedback on MBIE's working paper titled Review of the Engine Fuel Specifications Regulations 2011.
2. BEC supports the work undertaken by MBIE in the review of New Zealand's engine fuels specification regulations. This is expected to improve alignment of the fuel standards and vehicle standards. Subsequently this will help to ensure consumer protection, align with international benchmark standards and reduce harmful emissions.
3. BEC agrees that it is due time for a review as, despite being recommended every 3 years, it has not occurred since 2017. We support the evaluation of Petrol, Diesel/Biodiesel and implementation of the Fuel Quality Monitoring Programme.
4. BEC supports MBIE in its role in overseeing the proposed new engine fuel regulations.
5. This submission highlights the importance of regulation in ensuring consumer protection, reducing harmful emissions, and aligning New Zealand with international standards, particularly the Euro 6 standards.

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

- Outline a predictable implementation timeline for the proposed changes to minimize uncertainty, facilitate smooth industry adaptation, and encourage stakeholder support.
- Ensure there are no unforeseen costs associated with the transition that could adversely affect consumers.
- Engage closely with industry stakeholders to ensure a seamless transition, leveraging their expertise to address technical and logistical challenges.
- Regularly assess evolving fuel standards in key import markets to safeguard supply chain security and ensure continued compatibility with global best practices.
- Investigate the potential of methanol as a complimentary octane enhancer to ethanol for the production of premium petrol.

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

## **General discussion**

6. Up to date regulations surrounding engine fuel specification are important as technological progress in engine performance must be met with adjusted input fuels. To make sure that New Zealand does not have a disconnect an updating of engine fuel specs is required.
7. The main benefits of updated regulations are increased consumer protection from potential damage done to engines from lower quality fuels and a decrease in harmful emissions caused by fuel consumption.
8. While these benefits are clear it is important to ensure that in the pursuit of them New Zealand does not stray from international alignment or jeopardize fuel security.
9. The new regulations proposed by MBIE will bring New Zealand's fuel specifications more closely aligned with the Euro 6 specifications upheld by the EU. China, Singapore, Japan, South Korea and India all follow equivalent or similar specifications to the Euro 6.
10. Australia currently follows standards equivalent to Euro 5 with plans to align with the Euro 6 standards from December 2025. Malaysia is set to have full implementation of Euro 5 by 2027. The USA follows "tier" standards outlined by the EPA now in tier 3 which while not following the Euro 6 specifications is in many ways even more stringent.
11. As seen above adopting standards in line with Euro 6 will bring New Zealand in line with many of the standards already in place in partner countries. New Zealand imports most of its cars from Japan, China, South Korea and Germany. Additionally, most refined fuel imports come from South Korea, Singapore, Malaysia and Japan.
12. Since most cars imported into New Zealand meet Euro 6 standards, adopting these standards locally ensures better vehicle performance and lifespan. This is the same for most refined fuel, where imports come from countries with Euro 6 standards, engine fuel supply reliability is likely to remain secure.
13. Given this international context, aligning with Euro 6 standards is both a logical and necessary step for New Zealand.
14. The MBIE review suggests a price increase of 0.2-0.5 CPL for premium 95 RON petrol and 3 CPL for 98 RON petrol. Diesel prices are not expected to increase.
15. The estimated price increases remain minimal, representing less than 1% of current fuel prices. Given the potential long-term benefits in engine performance and fuel efficiency, these costs are likely to be outweighed by savings over a vehicle's lifespan.
16. The two potential concerns outlined earlier of ensuring international alignment and fuel security both seem to be covered.
17. As outlined in question 5, MBIE has asked for other considerations for potential octane enhancers outside of ethanol. BEC suggests considering methanol as an option. Methanol is a domestically produced product ensuring security of supply and would serve to diversify the premium petrol available to consumers.

18. The use of methanol as an octane enhancer is not a new suggestion, China for instance has a wide uptake of the use of methanol as a blend with gasoline<sup>2</sup>.
19. It is important that in moving forward with the proposed changes that MBIE outlines a predictable implementation timeline. This would ensure that retail suppliers in New Zealand as well as importers have sufficient certainty regarding the changes that must be made to supplied fuels.

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<sup>2</sup> IEA, Technology Collaboration Programme on Advanced Motor Fuels, Methanol, accessed 4/4/2025, [AMF](#)

## 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](#)).

