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Submission form: Consultation on Onshore Fuel Stockholding

The Ministry of Business, Innovation and Employment (MBIE) would like your feedback on the proposal to require minimum onshore fuel stockholding levels similar to what has been proposed in Australia, and the options on how to achieve these minimum levels. Please provide your feedback by **5pm, 28 February 2021**.

When completing this submission form, please provide comments and supporting explanations for your reasoning where relevant. Your feedback provides valuable information and informs decisions about the proposals.

We appreciate your time and effort taken to respond to this consultation.

Instructions

To make a submission you will need to:

1. Fill out your name, email address, phone number and organisation. If you are representing an organisation, please provide a brief description of your organisation and its aims, and ensure you have the authority to represent its views.
2. Fill out your responses to the discussion document questions. You can answer any or all of these questions in the discussion document [Consultation paper: Onshore fuel stockholding](#). Where possible, please provide us with evidence to support your views. Examples can include references to independent research or facts and figures.
3. If your submission has any confidential information:
 - i. Please state this in the email accompanying your submission, and set out clearly which parts you consider should be withheld and the grounds under the Official Information Act 1982 (Official Information Act) that you believe apply. MBIE will take such declarations into account and will consult with submitters when responding to requests under the Official Information Act.
 - ii. Indicate this on the front of your submission (e.g. the first page header may state "In Confidence"). Any confidential information should be clearly marked within the text of your submission (preferably as Microsoft Word comments).
 - iii. Note that submissions are subject to the Official Information Act and may, therefore, be released in part or full. The Privacy Act 1993 also applies.

How to submit this form

4. Submit your feedback:

i. As a Microsoft Word document by email to energymarkets@mbie.govt.nz with the subject line: *Consultation: Onshore Fuel Stockholding*

ii. By mailing your submission to:

Consultation: Onshore Fuel Stockholding
Energy Markets Policy
Building, Resources and Markets
Ministry of Business, Innovation and Employment
PO Box 1473, Wellington 6140
New Zealand

Submitter information

Submitter information

MBIE would appreciate if you would provide some information about yourself. If you choose to provide information in the section below, it will be used to help MBIE understand how different sectors view the proposals and options for requiring and achieving minimum onshore fuel stockholding. Any information you provide will be stored securely.

Your name, email address, phone number and organisation

Name: BERN SOMMERFELD

Email address: Privacy of natural persons

Phone number: Privacy of natural persons

Organisation: Private New Zealander

- The Privacy Act 1993 applies to submissions. Please tick the box if you do **not** wish your name or other personal information to be included in any information about submissions that MBIE may publish.
- MBIE may upload submissions and potentially a summary of submissions to its website, www.mbie.govt.nz. If you do **not** want your submission or a summary of your submission to be placed on either of these websites, please tick the box and type an explanation below:

I have no problems with my submission being displayed on the MBIE web site.

Please check if your submission contains confidential information

- I would like my submission (or identifiable parts of my submission) to be kept confidential, and **have stated** my reasons and ground under section 9 of the Official Information Act that I believe apply, for consideration by MBIE.

Onshore fuel stockholding

Fuel security risk assessment

1. Do you agree with the description of fuel supply disruption risks in the consultation paper on *Onshore Fuel Stockholding*? What other disruption scenarios or types of risk should be considered?

Yes Yes, with changes No Not sure/No preference

Please explain your views.

I consider that the storage at Marsden Point is adequate for the current situation. The supply of processed fuel from overseas tankers should not be interrupted. Fuel should be distributed to the coastal ports in an efficient manner as has been past practise.

2. Do you agree with the fuel security assessments risks in the consultation paper on *Onshore Fuel Stockholding* (and in the [2020 Hale & Twomey report](#)), including the implications of the Marsden Point Refinery's closure? If not why not?

Yes, I agree I agree in part No, I don't agree Not sure/no preference

Please explain your views.

The existing port installations in NZ HAVE ADEQUATE tank farms for storage, the loss of bitumen as a by product from the refining process needs to be addressed. Road sealing companies as private companies should be able to arrange their own supply and most have storage facilities at NZ Ports. Hot emulsion spraying is as I understand the alternative.

3. Do you consider that regional ports other than Northport at Marsden Point have sufficient infrastructure to maintain a satisfactory level of fuel supply resilience? If not, which fuels may need better storage and distribution facilities at those regional ports and why?

Yes, I agree I agree in part No, I don't agree Not sure/no preference

Please explain your views.

Believe that the existing tank farms at ports can hold an adequate amount of fuel..

4. Should New Zealand hold fuel stock equivalent to more than 90 days of net fuel import demand (i.e more than the minimum level required by the membership of the International Energy Agency (IEA))? If so, how much more and why?

Yes, I agree I agree in part No, I don't agree Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

[the fuel stock is a national issue and it is the governments responsibility to ensure that the fuel stock is maintained. More support should be directed to the development of bio fuels. This is the governments role in ensuring that security of supply is maintained. The retention of the coastal tankers that now operate.

Objectives and evaluation criteria

Onshore fuel stockholding

5. Are the evaluation criteria used for assessing options for onshore fuel stockholding the right ones? What other criteria should be considered?

Yes, I agree I agree in part No, I don't agree Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

The government should have a strategy for this when the Zero Carbon Policy was decided. Also when they became aware of the closing of Marsden Point

What level of onshore stocks should be held?

6. Do you agree that the minimum onshore fuel stockholding level should be above the current level?

Yes, I agree I agree in part No, I don't agree Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

In the past we had adequate onshore storage, aviation fuel would be the priority of the airline companies to ensure that they maintained adequate reserves. Development of biofuels and the use of hydrogen for heavy machinery and road transport will reduce the need to have onshore fuel stockholding. The developers of hydrogen should have their own storage facilities

7. Which option for minimum onshore stockholding level do you consider to be the best? Why do you choose that option?

- Status quo
- Option 1 (current level or 20 days of cover for meeting daily fuel consumption)
- Option 2 (24-28 days of cover similar to the Australian level)
- Option 3 (40 days of cover)
- Option 4 (60 days of cover similar to EU countries)
- Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

Retain the coastal tankers that can service the existing NZ ports. This is an essential service to ensure security of supply for New Zealanders. It should be controlled by the government working in partnership with Coastal Oil Logistics.

Achieving the target level of onshore stocks

8. Do you agree that any biofuel sales should be counted for the purpose of determining a wholesaler's stockholding obligation and any biofuel stocks be counted for the purposes of meeting a wholesaler's obligation?

Onshore fuel stockholding

Yes, I agree I agree in part No, I don't agree Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

Insufficient detail to have a preference. The development of biofuels needs further government support.

9. Do you agree that the Government should adapt its oil ticket strategy to procure tickets for onshore fuel stocks if the fuel industry participants in New Zealand offer such tickets?

Yes, I agree I agree in part No, I don't agree Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

This may be backup system but would not give security of supply, New Zealand could be ignored for a larger country requiring fuel. Adequate fuel storage is necessary.

10. Do you agree that fuel wholesale suppliers should be required to meet minimum onshore stockholding level?

Yes, I agree I agree in part No, I don't agree Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

It would be in a fuel wholesaler interests to maintain adequate fuel stocks (supply/demand)

11. Do you consider that there should be minimum stockholding requirements specific to the type of fuel?

Yes To some extent No Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

[diesel and petrol +aviation gas (this would keep essential services operating.)

12. Do you consider that there should be minimum stockholding requirements that apply to specific locations?

Yes To some extent No Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

[the existing port tank farms should have the same holding as we have now.(should be able to have aviation gas storage)

13. Do you agree that a stockholding agency should be set up to manage the compliance, enforcement and monitoring activities associated with the minimum stockholding obligations on the fuel wholesale suppliers?

Yes, I agree I agree in part No, I don't agree Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

This again is an essential requirement and a government and industry agency would be the ideal solution.

Onshore fuel stockholding

14. Do you consider that a stockholding agency (if established) should take over the responsibility for managing compliance with New Zealand's IEA obligations, including procurement of oil tickets?

Yes To some extent No Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

Depending on the structure of the stockholding agency

15. Do you consider that a stockholding agency (if established) should take on a role in managing responses to fuel disruptions and coordinating the relevant contingency planning and emergency exercises?

Yes To some extent No Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

[for an emergency response it should be government control as per a civil defence alert.or a national emergency situation

16. Do you consider that a stockholding agency (if established) should develop or manage other fuel resilience mitigation measures, such as investments in fuel storage and distribution facilities?

Yes To some extent No Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

Refer to my comments in 15

17. If a stockholding agency is established, should it be government-funded, industry-funded or co-funded by government and industry?

Government-funded Industry-funded Co-funded by Government and industry
 Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

Over a period of time this whole operation will be redundant with the removal of fossil fuels. Had the existing government been more pro active in maintaining the refining operation at Marsden Point the establishing of a stockholding agency would not have been necessary

What should be the share of government funding if a stockholding agency is established and co-funded by government and industry?

have no view .Ball park hit govt 75% industry25% govt shall establish revenue from GST. and fuel tax and what ever else they can tax. In the overall picture the consumer is going to have to carry the cost.

Onshore fuel stockholding

18. Do you agree that the Petroleum or Engine Monitoring Fuel (PEFM) levy should be used to provide government funding for a fuel stockholding agency if it is set up?

Yes, I agree I agree in part No, I don't agree Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

Refer to my response in 17

19. Do you agree that a stockholding agency, if established, would improve coordination between the Government and the fuel industry in managing fuel supply resilience? If so, in what ways?

Yes, I agree I agree in part No, I don't agree Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

Would this really happen? In the real world this does not occur.

20. In your view, how much resources would be needed for the operation of a stockholding agency if established?

Have no information to base my opinion

21. Are there any other options for meeting the target level of onshore stockholding?

Yes No Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

Build a refining plant that can process New Zealand Crude Oil.(by 2050 it would be redundant)

Amending levy formula

22. Do you agree that the PEFM levy formula should be amended to distinguish the component of managing IEA-related costs (including procurement of tickets for onshore fuel stocks and possibly funding for a stockholding agency in the future)?

Yes, I agree I agree in part No, I don't agree Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

Table5 is referred to option 1 is my preference

23. Do you agree that the PEFM levy rate for covering the IEA-related costs should be variable, subject to three-yearly review and the Minister of Energy and Resources' approval? If not, why not?

Yes, I agree I agree in part No, I don't agree Not sure/no preference

Onshore fuel stockholding

Is there anything you would like to tell us about the reason(s) for your choice?

This is option 3 in table 5

Implementing minimum stockholding obligations (if required)

24. Do you agree that fuel wholesale suppliers should file monthly returns on onshore fuel stockholding? If not, why not?

Yes, I agree I agree in part No, I don't agree Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

[insert response here]

25. Do you have any view on the information disclosure requirements for monthly returns on onshore fuel stockholding, particularly the type of information to be provided and relevant record-keeping requirements??

This is not in my field of expertise.

26. Do you agree that fuel wholesale suppliers should be allowed to trade with each other to meet the minimum fuel stockholding obligations through entitlement agreements between them? If not, why not?

Yes, I agree I agree in part No, I don't agree Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

Well is this not current practice now. It would certainly help to balance the supply situation.

27. Do you think the proposed penalties for non-compliance with minimum stockholding obligations are appropriate? If not, why?

Yes To some extent No Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

28. Do you think the proposed penalties for knowingly providing false or incomplete information are appropriate? If not, why?

Yes To some extent No Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

Onshore fuel stockholding

29. Any other comments?

For many years we will be dependant on these imported fuels to maintain our life style, a greater use of biofuel and hydrogen will lessen the demand on imported fuels. Cheaper EV's will ensure the domestic fleet does not have to use imported fuel. It is essential that the coastal tanker system is maintained as an essential service to supply the port tank farms in New Zealand. I consider the vulnerability of our road and rail services , that can be made unserviceable by flood and earthquake.

These events have happened in the last several years.(when the effects of climate change is considered flooding and sea level rise shall be a long term problem.)

Bern Sommerfeld

Privacy of natural persons

