



**FEDERATED
FARMERS**
OF NEW ZEALAND

WELLINGTON

Lambton Centre
Level 4, 117 Lambton Quay
P O Box 715, Wellington
6140
New Zealand

28 February 2022

Energy Markets Policy
Building, Resources and Markets
Ministry of Business, Innovation and Employment

Submission: *Onshore Fuel Stockholding* consultation paper

Federated Farmers of New Zealand appreciates the opportunity to provide feedback on the Ministry of Business, Innovation and Employment's *Onshore Fuel Stockholding* consultation paper.

Our interest as an organisation in the consultation paper centres around security of supply of liquid fuels to support the ongoing transport needs of rural communities and farm businesses. The timeliness of on-farm tasks is critical. Milk needs to be picked up every 48 hours and is a short-lived product with not much grace. Arable crops need to be off the ground at optimum moisture content for harvesting or to beat imminent bad weather. Transporting livestock off the farm needs to happen within rigid timeframes to minimise impacts on animal welfare. Moving these 4-5 days either way of when they are ready will cause significant issues.

We agree with the assessment on page 11 of the consultation paper that "*Despite the expected rise in EVs and biofuels, a significant proportion of the transport fuels will still be fossil fuels in the period to 2040. Security of fossil fuels will therefore remain important to New Zealand.*"

For rural communities and farm businesses, public transport and other alternative modes of travel have little relation to rural communities where sometimes lengthy distances must be travelled to connect with other people or bring goods on or off the farm. Electric vehicles will struggle for some time yet to carry the loads required across difficult farm terrain, while biofuel-blended transport fuels present engine maintenance issues at higher concentrations in colder temperatures. As such, internal combustion engine vehicles will at this stage continue to be the most sensible mode of transport in rural areas beyond wider government moves towards a zero-carbon transport system by 2050.

Another consideration is the unreliability of rural electricity supply to charge electric vehicles on-farm and the likely role of fossil fuels continuing as a 'Plan B' during periods of electricity outages. In distributing electricity to farm properties across sparsely populated areas, rural electricity supply is inherently more vulnerable to outage from weather events. Further, more densely populated affected areas take priority when it comes to restoring supply, extending the period many farms will go without electricity during an outage.

We are concerned to note the mentioned absence of any requirement currently by fuel companies to hold liquid fuels sufficient to provide cover over an extended period, should there be supply disruptions. As New Zealand becomes more reliant on fuel imports after the imminent ceasing of refinery operations at Marsden Point, we would support the introduction of a minimum fuel stockholding obligation on fuel companies. Whether the obligation should

go beyond the standard commercial stockholding by fuel companies of 20 days cover is not a matter we are able to offer an opinion.

We consider it important that any minimum fuel stockholding obligation the government considers introducing ensures the supply of seasonal fuels, such as summer and winter diesels. These types of fuels are of vital importance to ensure fuel remains fit for purpose for use by rural communities and farm businesses. Continued supply of seasonal fuels should be included in any stockholding obligation on fuel companies, rather than a more general requirement that so many days cover of transport fuels or diesel be maintained onshore.

It is important that rural communities and farm businesses can continue to rely on secure supply of liquid transport fuels beyond intended transitions of the Marsden Point refinery and as we progress towards a zero-carbon transport system by 2050.

Yours sincerely,

Karen Williams

National Vice President and transport spokesperson

Wayne Langford

National board member and energy spokesperson