**Policy, Government and Public Affairs**
Chevron New Zealand
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Energy Markets Group
Ministry of Business, Innovation and Employment
PO Box 1473
WELLINGTON 6140

via online submission:

**Review of New Zealand's oil security**
**Discussion document**

Chevron New Zealand is pleased to have the opportunity to provide a submission to the Ministry of Business, Innovation and Employment regarding the Review of New Zealand's oil security. Please see our response to various specific questions asked within the discussion document.

**Question 6: Do you agree that the government should continue to procure ticket contracts rather than placing a mandate on industry?**
Yes – it would be the most efficient way to meet the IEA requirements.

**Question 7: Do you agree that it is more equitable to recover ticket contract costs via a levy on fuel than from general taxation? Are there any other matters that the government should consider?**
Both options are worthy of consideration depending on the final government objective regarding mitigating risk. Any fuel supply shortage will affect the overall New Zealand economy via impacts on business continuity through the transportation of goods and services and not just direct consumers of fuel.

**Question 8: Do you agree that the PEFML is the most appropriate levy by which to recover ticket contract costs and that it should only cover petrol, diesel, ethanol, and biodiesel?**
A levy via the PEFML would likely be the easiest and fastest way of securing funding for the IEA tickets however it may not be the most equitable option given a domestic supply shortage will also impact non-direct users of fuel.

**Question 9: Do you agree that it is best to smooth the levy rate over three years? How much lead time is required for companies to prepare for a change in the rate?**
Any levy implemented (smoothed over three years or immediate) should be as transparent as possible to all those affected. Communication to all stakeholders is critical for a smooth uptake and understanding. The longer the notice period the greater chance this will be achieved.

**Question 10: Do you agree that the rationale for government investigation into domestic oil supply security is to ensure that domestic oil infrastructure resilience is socially optimal, and to ensure that industry can re-establish supply as quickly as possible following a disruption?**
Yes

**Question 30: Do you agree that the probability of a tsunami that results in disruptions that are more than those outlined above is extremely small?**
The risk of a Tsunami that significantly impacts domestic supply maybe small (1/2500 years is questionable) however it should be planned for. The recent events in Japan and Indonesia highlight the need for an effective and comprehensive plan of action in these circumstances.

**Question 31: How viable is it to use the abovementioned trucks, are there any other trucks in New Zealand that have not been considered above, and are there any regulatory barriers to unconventional trucks being utilised in an emergency?**
Milk trucks may not be suitable for use and would require further investigation. The government should review access to military fuel trucks and rail cars for use. A key consideration will be communication around alternative fueling locations within New Zealand. If an outage of the RAP was incurred then shifting primary fueling locations to alternative depots will be critical. Transport fuels maybe required to fill at non-Auckland locations to alleviate some supply demand. E.g. all freight trucks required to refuel Taupo south so they are not required to fuel while in the Auckland region.

**Question 32: Assuming the Commerce (Cartels and Other Matters) Amendment Bill is enacted, would oil companies be able to plan and coordinate fuel deliveries and trucking resources between themselves in an emergency?**
Yes – this would speed up the process to allow a faster response time in the event of an emergency.

**Question 35: Are there any other sources of drivers that could drive fuel trucks in an emergency?**
Train military engineers to be able to man fuel trucks

**Question 37: Should drivers without approved handler certification still be utilised in an emergency if they are not required to physically load/unload fuel?**
No. Safety of personnel is paramount in the delivery of fuel and additional risk should not be incurred.

**Question 38: Should driver time restrictions be relaxed in an emergency?**
No. Safety of personnel is paramount in the delivery of fuel and additional risk should not be incurred.

**Question 44: Do you agree that building the RAP-WAP bypass is a reasonable 'insurance premium' to pay to avoid disruption of jet supply to Auckland Airport? Which party is best placed to cover these costs?**
A RAP-WAP bypass would work in the event of a WIRI shutdown however if the RAP pipeline suffered a break elsewhere then a more serious supply issue would result. Alternative transportation methods should be reviewed in the event of an emergency supply issue. This could include waterborne transportation to Auckland and/or Wiri via Auckland harbour.

**Question 48: What cost effective options are there for improving the resilience of the network? Please provide an explanation of the network vulnerabilities that the option would address, and an estimate of costs.**
Reviewing alternative measures to transport fuel especially into Auckland is key. Waterborne cargo should be investigated further as a mitigation strategy in the event that the RAP or WIRI is impacted by any disaster.

**Summary**

Chevron New Zealand welcomes the open discussion and request for information as per the Review of New Zealand's oil security discussion paper. Being a major contributor to the fuel requirements of New Zealand, we believe this is an important conversation to have and are happy to assist in any further way if requested.