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Firstgas Group
42 Connett Road
Bell Block
New Plymouth
4312

Energy Markets Policy
Building, Resources and Markets
Ministry of Business, Innovation & Employment
PO Box 1473
WELLINGTON 6140

Sent via email: energymarkets@mbie.govt.nz

To whom it may concern

Onshore Fuel Stockholding

Firstgas Group welcomes the opportunity to comment on the Ministry of Business, Innovation and Employment's (MBIE) consultation paper "*Onshore Fuel Stockholding*" released in January 2022. MBIE proposes that obligated parties would have to ensure target levels of fuels are held in New Zealand and report fuel stockholdings to MBIE.

We are concerned that the proposal inadvertently places obligations on our Rockgas business. The definitions used by the proposal mean that:

- Many parties that MBIE intended to not have stockholding obligations would have obligations
- Some parties that MBIE intended to have stockholding obligations would have none.

Accordingly, we recommend MBIE amend its proposal to accurately define the intended parties.

MBIE's intentions versus application of proposed definition

Based on the consultation paper, we understand MBIE's intention was to only obligate a few parties from the top of the supply chains for diesel, petrol, and jet fuel (and the biofuel equivalents for each). On page 33 of the consultation paper, MBIE states that "fuel wholesale suppliers, as defined in the *Fuel Industry Act 2020*" (Act) would have obligations.

That Act defines a wholesale supplier as "a person that sells and supplies engine fuel, as the whole or part of its business, to persons other than end users." It uses a definition of engine fuel that is very broad: "any gaseous or liquid fuel that can be used as a fuel for engines...".

Engine fuels could include liquid petroleum gas (LPG), compressed natural gas (CNG) and natural gas. Even lemon juice *can* power an engine. Our Rockgas business does sell some LPG to non-end users (principally, our franchisees). As such, we are concerned that we meet the definition of a "wholesale supplier" and would be given unintended obligations. Many other businesses would also be unintentionally included.

Relying on the definition of wholesale supplier means that parties that sell only to end-users are excluded from any obligation. For example, a hypothetical petrol retailer that imports 50% of New Zealand's petrol needs but sells only to end-users would have no obligation. This is clearly contrary to the intent of the proposal.



Contact details

Firstgas Group would welcome the opportunity to meet with MBIE staff to discuss the points we have raised in our submission. To arrange this meeting or if you have any questions, please contact me on [0274781234](tel:0274781234) or via email at callum.mclean@firstgasgroup.co.nz.

For more information about Firstgas Group's businesses, refer to **Attachment 1**.

Yours sincerely

Callum McLean

Senior Policy and Government Affairs Adviser



Attachment 1 About Firstgas Group

Our vision is to lead the delivery of New Zealand's energy in a changing world. Our mission is to safely and reliably deliver energy that's affordable and accessible to Kiwi families and businesses. We're really proud of this and of the important role we play in Kiwis' lives.

Based in New Plymouth, Firstgas Group is an umbrella brand consisting of Rockgas, Firstgas, Flexgas and Gas Services NZ. Firstgas and Rockgas are consumer brands that supply LPG and natural gas to over 165,000 customers through their gas network of over 2,500 kilometres of high-pressure transmission pipeline and 4,800 kilometres of distribution pipeline in the North Island, 36 local LPG suppliers, and over 180 Refill and Save locations across New Zealand.

Flexgas and Gas Services NZ are energy storage, operations and maintenance brands who make sure gas can be delivered safely and continuously. Flexgas operates the Ahuroa gas storage facility in central Taranaki. Gas Services NZ provides operational and maintenance support to all gas infrastructure owners, including the brands within Firstgas Group.¹

New Zealand's homes have benefited from the choice of energy sources to meet their household needs. Currently there are over 400,000 homes in New Zealand who enjoy natural gas and LPG in their homes. These homes predominantly use gas for cooking, instant hot water, and heating. There are many benefits of having gas in the home. Hot water heating is currently the most energy affordable way to heat a home and water.² Gas boilers heats water so that it is instantly available. It requires no onsite storage in the home.

Firstgas is investigating opportunities for using our assets in ways that help to reduce New Zealand's carbon emissions. Our gas transmission and distribution networks cover much of the North Island and are ideally placed to support the development, transfer, and use of emerging fuels such as hydrogen and/or biogas.

¹ For more information about Firstgas Group, visit www.firstgas.co.nz , www.rockgas.co.nz , www.flexgas.co.nz

² [Home heating costs in 2020 - Consumer NZ](#)